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

FORM 10-Q

(Mark one)
[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2000
or
[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number: 0-24277

Clarus Corporation
(Exact name of registrant as specified in its charter)

Delaware	58-1972600
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3970 Johns Creek Court
Suwanee, Georgia 30024
(Address of principal executive offices)
(Zip code)

(770) 291-3900
(Registrant's telephone number, including area code)

- ---

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO
- --

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, ($.0001 Par Value)
15,343,613 shares outstanding as of July 31, 2000

INDEX
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CLARUS CORPORATION

PART I FINANCIAL INFORMATION
- ------- ---

Item 1. Financial Statements

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CLARUS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(in thousands, except share and per share amounts)

<TABLE>
<CAPTION>

	June 30, 2000	December 31, 1999
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$191,161	$14,127
Marketable securities	16,175	-0-
Trade accounts receivable, less allowance for doubtful accounts of $672 and $271 in 2000 and 1999, respectively	16,293	10,389
Deferred marketing expense, current	7,081	5,723
Prepaids and other current assets	1,915	1,965
Total current assets	232,625	32,204
PROPERTY AND EQUIPMENT	6,467	4,122
OTHER ASSETS:		
Deferred marketing expense	4,453	4,293
Intangible assets, net of accumulated amortization of $1,945 and $784 in 2000 and 1999, respectively	62,488	6,649
Investments	6,217	1,168
Deposits and other long-term assets	178	127
Total other assets	73,336	12,237
TOTAL ASSETS	$312,428	$48,563

</TABLE>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Item 1. Financial Statements (continued)

CLARUS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited) (continued)

(in thousands, except share and per share amount)

<TABLE>
<CAPTION>

	June 30, 2000	December 31, 1999	
<S>	<C>	<C>	
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	$ 11,964	$ 6,326	
Deferred revenue	3,863	3,081	
Current maturities of long-term debt	7	6,046	
Total current liabilities	15,834	15,453	
NONCURRENT LIABILITIES:			
Deferred revenue	701	293	
Long-term debt, net of current maturities	5,000	-0-	
Other non-current liabilities	202	202	
Total liabilities	21,737	15,948	
STOCKHOLDERS' EQUITY:			
Common Stock, $.0001 par value; 100,000,000 shares authorized, 15,395,155 and 11,600,681 shares issued and 15,320,155 and 11,525,681 shares outstanding in 2000 and 1999, respectively	2	1	
Additional paid-in capital	367,070	77,008	
Accumulated deficit	(72,456)	(44,122)	
Treasury stock, at cost	(2)	(2)	
Foreign currency translation adjustment	8	0	
Unrealized gain (loss) on marketable securities	293	0	
Deferred compensation	(4,224)	(270)	
Total stockholders' equity	290,691	32,615	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$312,428	$ 48,563	

</TABLE>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Item 1. Financial Statements (continued)

CLARUS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

	Three months ended June 30		Six months ended June 30	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
REVENUES:				
License fees	$ 7,845	$ 4,220	$ 13,641	$ 7,879
Services fees	2,240	7,059	3,450	14,801
Total revenues	10,085	11,279	17,091	22,680
COST OF REVENUES:				
License fees	59	365	98	711
Services fees	2,527	4,260	4,099	8,610

Total cost of revenues	2,586	4,625	4,197	9,321
OPERATING EXPENSES:				
Research and development, exclusive of noncash expense	5,252	2,358	8,336	4,552
In-process research and development expense	8,300	0	8,300	0
Sales and marketing, exclusive of noncash expense	8,634	3,444	15,097	6,817
General and administrative, exclusive of noncash expense	2,369	1,603	4,995	3,222
Depreciation and amortization	1,564	963	2,264	1,833
Noncash research and development expense	-0-	-0-	826	-0-
Noncash sales and marketing expense	2,017	-0-	3,829	-0-
Noncash general and administrative expense	331	42	1,476	84
Total operating expenses	28,467	8,410	45,123	16,508
OPERATING LOSS	(20,968)	(1,756)	(32,229)	(3,149)
GAIN ON SALE OF ERP ASSETS	547	-0-	547	-0-
INTEREST INCOME	3,576	111	4,562	228
INTEREST EXPENSE	(58)	(24)	(1,214)	(51)
NET LOSS	$(16,903)	$(1,669)	$(28,334)	$(2,972)
Loss per common share:				
Basic	$ (1.16)	$ (0.15)	$ (2.12)	$ (0.27)
Diluted	$ (1.16)	$ (0.15)	$ (2.12)	$ (0.27)
Weighted average shares outstanding				
Basic	14,538	10,989	13,392	10,968
Diluted	14,538	10,989	13,392	10,968

</TABLE>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Item 1. Financial Statements (continued)

CLARUS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(in thousands)

<TABLE>
<CAPTION>

	Six months ended June 30	
	2000	1999
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net loss	$(28,334)	$(2,972)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,264	1,873
Amortization of debt discount	982	-0-
In-process research and development	8,300	-0-
Noncash research and development expense	826	-0-
Noncash sales and marketing expense	3,829	-0-
Noncash general and administrative expense	1,476	84
Loss on disposal of property and equipment	-0-	52
Gain on sale of financial and human resources software business	(547)	-0-
Changes in operating assets and liabilities:		
Accounts receivable	(6,154)	(2,250)
Prepaid and other current assets	109	(206)
Deposits and other long-term assets	(41)	181
Accounts payable and accrued liabilities	4,321	(499)
Deferred revenue	1,190	(916)
Other non-current liabilities	-0-	160
NET CASH USED IN OPERATING ACTIVITIES	(11,779)	(4,493)

INVESTING ACTIVITIES:		
Acquisitions, net of cash acquired	(33,364)	-0-
Purchase of marketable securities	(15,632)	-0-
Purchases of property and equipment	(3,211)	(2,037)
Purchases of intangible assets	(89)	-0-
Net proceeds from sale of ERP assets	1,864	-0-
Purchase of investments in strategic partners	(5,049)	-0-
NET CASH USED IN INVESTING ACTIVITIES	(55,481)	(2,037)
FINANCING ACTIVITIES:		
Repayments of long-term borrowings	(7,021)	(309)
Proceeds from long-term borrowings	5,000	-0-
Proceeds from issuance of common stock related to secondary offering	244,427	-0-
Proceeds from issuance of common stock related to options exercised	1,880	112
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	244,286	(197)
Effect of exchange rate change on cash	8	-0-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	177,034	(6,727)
CASH AND CASH EQUIVALENTS, beginning of period	14,127	14,799
CASH AND CASH EQUIVALENTS, end of period	$191,161	$ 8,072

SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	$ 232	$ 51
NONCASH TRANSACTIONS:		
Issuance of warrants to purchase 50,000 shares of common stock in connection with marketing agreements at fair value	$ 986	$ -0-
Issuance of 39,118 shares of common stock in connection with marketing agreements at fair value	$ 4,361	$ -0-
Issuance of 1,148,000 shares of common stock in connection with SAI acquisition	$ 30,353	$ -0-
Receipt of marketable securities in satisfaction of trade account receivable	$ 250	$ -0-

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

CLARUS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Clarus Corporation and subsidiaries (the "Company") have been prepared in accordance with Generally Accepted Accounting Principles for interim financial information and instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information in notes required by Generally Accepted Accounting Principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the unaudited financial statements for this interim period have been included. The results of the interim periods are not necessarily indicative of the results to be obtained for the year ended December 31, 2000. These interim financial statements should be read in conjunction with

the Company's audited consolidated financial statements and footnotes thereto included in the Company's Form 10-K for the fiscal year ended December 31, 1999, filed with the Securities and Exchange Commission.

NOTE 2. EARNINGS PER SHARE

Basic and diluted net income (loss) per share was computed in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share," using the weighted average number of common shares outstanding. The diluted net loss per share for the quarter and six-month period ended June 30, 2000 and 1999 does not include the effect of common stock equivalents, as their effect would be antidilutive.

NOTE 3. SHAREHOLDERS' EQUITY

On March 10, 2000, the Company sold 2,243,000 shares of common stock in a public offering yielding net proceeds to the Company of approximately $244.4 million.

NOTE 4. INVESTMENTS

The Company has made several investments in strategic partners (privately held companies). The Company holds less than a 20% interest in these companies and does not have significant influence over these companies. These investments are accounted for using the cost method of accounting.

NOTE 5. ACQUISITIONS

On May 31, 2000, the Company acquired all of the outstanding capital stock of SAI (Ireland) Limited, SAI Recruitment Limited, i2Mobile.com Limited and SAI America Limited (the "SAI/Rodeo Companies"). The SAI/Rodeo Companies specialize in electronic payment settlement. The purchase consideration was approximately $63.1 million, consisting of approximately $30.0 million in cash, 1,148,000 shares of the Company's common stock with a fair value of $ 30.4 million, assumed options to acquire 163,200 shares of the Company's common stock with an exercise price of $23.50 (estimated fair value of $1.8 million using the Black-Scholes option pricing model) and acquisition costs of approximately $900,000.

The acquisition was treated as a purchase for accounting purposes, and accordingly, the assets and liabilities were recorded based on their preliminary fair value at the date of acquisition. The Company retained a third-party valuation firm to assist the Company in its evaluation of developed technologies and in-process research and development. The third-party evaluated SAI/Rodeo Companies' developmental products to determine their stage of development, their expected income generating ability, as well as risk factors associated with achieving technological feasibility. The Company expensed approximately $8.3 million to in-process research and development in the second quarter of 2000. The values ascribed to intangible assets and their respective useful lives are as follows:

	Intangible Asset (in thousands)	Useful Life (in years)
Goodwill	$49,809	8
Developed technologies	4,100	8
Assembled workforce	450	7
Customer base	100	4

The following unaudited pro forma information presents the results of operations of the Company as if the acquisition had taken place on January 1, 1999, and excludes the write-off of purchased research and development of $8.3 million (in thousands, except per share amounts):

<TABLE>
<CAPTION>

	Six months ended June 30

	2000	1999
<S>	<C>	<C>
Revenues	$ 17,973	$24,194
Net loss	(32,508)	(7,046)
Basic earnings per share:		
Net loss per common share	$ (2.24)	$ (0.58)
Equivalent number of shares	14,538	12,116
Diluted earnings per share:		
Net loss per share	$ (2.24)	$ (0.58)
Equivalent number of shares	14,540	12,116

</TABLE>

On April 28, 2000, the Company acquired all of the capital stock of iSold.com, Inc., a Delaware corporation ("iSold"). iSold has developed a software program that provides auctioning capabilities to its clients. The Company has decided not to disclose the terms of this acquisition, the effects of which are immaterial to the Company's financial position.

NOTE 6. COMPREHENSIVE INCOME (LOSS)

SFAS No. 130 "Reporting Comprehensive Income", establishes standards of reporting and display of comprehensive income and its components of net income and "Other Comprehensive Income". "Other Comprehensive Income" refers to revenue, expenses and gains and losses that are not included in net income but rather are recorded directly in stockholders' equity.

The components of comprehensive income (loss) for the three and six months ended June 30, 2000 and 1999 were as follows (in thousands):

<TABLE>
<CAPTION>

	Three months ended June 30		Six months ended June 30	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Net loss	$(16,903)	$(1,669)	$(28,334)	$(2,972)
Unrealized gain on marketable securities	293	0	293	0
Foreign currency translation adjustments	8	0	8	0
Comprehensive loss	(16,602)	(1,669)	(28,033)	(2,972)

</TABLE>

NOTE 7. CONVERTIBLE SECURITIES

On March 14, 2000, the Company entered into a securities purchase agreement with Wachovia Capital Investments, Inc. Wachovia purchased a 4.5% convertible subordinated promissory note due on March 15, 2005 in the original principal amount of $5.0 million, which may be converted into shares of common stock of the Company at a price of $147.20 per share of common stock.

NOTE 8. RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to the current period presentation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company develops, markets and supports Internet-based business-to-business electronic commerce solutions that automate the procurement and management of operating resources. The Company's multiple solutions provide a framework to enable Internet-based digital marketplaces, allowing companies to create trading communities and additional revenue opportunities. The Company's multiple solutions, based on a free trade model, provide a direct Internet-based connection between buyer and supplier without requiring transactions to be executed through a centralized portal. The Company's product line includes solutions that serve "Market Makers" (businesses utilizing the Internet for the purpose of facilitating and increasing the efficiency of the distribution channels of chosen vertical markets) as well as other solutions that best serve the purchasing processes of business enterprises. The Company also provides implementation and ongoing customer support services as an integral part of its complete procurement solutions. To achieve broad market adoption of the Company's solutions and services, the Company has developed a multi-channel distribution strategy that includes both a direct sales force and a growing number of indirect channels, including application service providers, system integrators and resellers.

Sources of Revenue

The Company's revenue consists of license fees and services fees. License fees are generated from the licensing of the Company's suite of products. Services fees are generated from consulting, implementation, training and maintenance services.

Revenue Recognition

Effective January 1, 1998, the Company adopted Statement of Position ("SOP") No. 97-2, "Software Revenue Recognition." Under SOP No. 97-2, software license revenue is recognized when the following criteria are met:

. a signed and executed contract is obtained;

. shipment of the product has occurred;

. the license fee is fixed and determinable;

. collectibility is probable; and

. remaining obligations under the license agreement are insignificant.

Revenues from consulting, implementation and training services are recognized as the services are performed. Maintenance fees relate to customer maintenance and support and are included in services fees. Maintenance fees are recognized ratably over the term of the software support services agreement, which is typically 12 months. Amounts that have been received in cash or billed but that do not yet qualify for revenue recognition are reflected as deferred revenues.

Operating Expenses

Cost of license fees includes royalties, software duplication and distribution costs. The Company recognizes these costs as the applications are shipped. Cost of services fees includes personnel and related costs incurred to provide implementation, training, maintenance, ongoing support and upgrade services to customers and partners. These costs are recognized as they are incurred.

Research and development expenses consist primarily of personnel costs, consulting fees, and an allocation of facilities costs. The Company accounts for software development costs under Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed." The Company charges research and development costs related to new products or enhancements to expense as incurred until technological feasibility is established, after which the remaining costs are capitalized until the product or enhancement is available for general release to customers. The Company defines technological feasibility as the point in time at which a working model of the related product or enhancement exists. Historically, the

costs incurred during the period between the achievement of technological feasibility and the point at which the product is available for general release to customers have not been material.

Sales and marketing expenses consist primarily of salaries, commissions and benefits for business development, sales and marketing personnel and expenses related to travel, trade show participation, public relations, promotional activities, and an allocation of facilities costs.

General and administrative expenses consist primarily of salaries for financial, administrative and management personnel and related travel expenses, as well as occupancy, equipment and other administrative costs.

The Company has incurred significant costs to develop its business-to-business e-commerce technology and products and to recruit and train personnel. The Company believes its success is contingent upon increasing its customer base and investing in further development of its products and services. This will require significant expenditures for sales, marketing and research and development. The Company therefore expects to continue to incur substantial operating losses for the foreseeable future.

Sale of Human Resources and Financial Software Business

On October 18, 1999, the Company sold all of the assets of its human resources and financial software ("ERP" business) to Geac Computer Systems, Inc. and Geac Canada Limited. In this sale, the Company received approximately $13.5 million in proceeds. See "-Liquidity and Capital Resources."

Limited Operating History

The Company has a limited operating history as an e-commerce business that makes it difficult to forecast its future operating results. Prior period results should not be relied on to predict the Company's future performance.

Closing of Follow-On Offering

On March 10, 2000, the Company closed a follow-on offering of our common stock and received approximately $244.4 million. See "-Liquidity and Capital Resources."

Acquisitions of SAI/Rodeo and iSold.com

On May 31, 2000, the Company acquired all of the outstanding capital stock of SAI (Ireland) Limited, SAI Recruitment Limited and its subsidiaries and related companies, i2Mobile.com Limited and SAI America Limited (the "Companies"). The SAI/Rodeo Companies specialize in electronic payment settlement. The purchase consideration was approximately $63.1 million, consisting of approximately $30.0 million in cash, 1,148,000 shares of the Company's common stock with a fair value of $ 30.4 million, assumed options to acquire 163,200 shares of common stock with an exercise price of $23.50 (estimated fair value of $1.8 million using the Black-Scholes option pricing model) and approximately $900,000 in acquisition costs.

On April 28, 2000, the Company acquired all of the capital stock of iSold.com, Inc., a Delaware corporation ("iSold"). iSold has developed a software program that provides auctioning capabilities to its clients.

Results of Operations

The following table sets forth certain statement of operations data dividing revenues between the Company's previous human resources and financial software business (ERP) and the Company's current e-commerce business for the periods indicated.

<TABLE>
<CAPTION>

	Three months ended June 30		Six months ended June 30	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Revenues: e-commerce				
License fees	$ 7,845	$ 2,025	$ 13,641	$ 3,595
Services fees	2,240	387	3,450	503
Total revenues	10,085	2,412	17,091	4,098
Revenues: ERP				
License fees	-0-	2,195	-0-	4,284
Services fees	-0-	6,672	-0-	14,298
Total revenues	-0-	8,867	-0-	18,582
Cost of revenues: e-commerce				
License fees	59	1	98	12
Services fees	2,527	427	4,099	789
Total cost of revenues	2,586	428	4,197	801
Cost of revenues: ERP				
License fees	-0-	364	-0-	699
Services fees	-0-	3,833	-0-	7,821
Total cost of revenues	-0-	4,197	-0-	8,520
Gross margin on e-commerce license fees	7,786	2,024	13,543	3,583
Gross margin on e-commerce services fees	(287)	(40)	(649)	(286)
Gross margin on ERP license fees	-0-	1,831	-0-	3,585
Gross margin on ERP services fees	-0-	2,839	-0-	6,477
Operating expenses:				
Research and development, exclusive of noncash expense	5,252	2,358	8,336	4,552
In-process research and development expense	8,300	0	8,300	0
Sales and marketing, exclusive of noncash expense	8,634	3,444	15,097	6,817
General and administrative, exclusive of noncash expense	2,369	1,603	4,995	3,222
Depreciation and amortization	1,564	963	2,264	1,833
Noncash development expense	-0-	-0-	826	-0-
Noncash sales and marketing expense	2,017	-0-	3,829	-0-
Noncash general and administrative expense	331	42	1,476	84
Total operating expenses	28,467	8,410	45,123	16,508
Operating loss	(20,968)	(1,756)	(32,229)	(3,149)
Gain on sale of ERP assets	547	-0-	547	-0-
Interest income	3,576	111	4,562	228
Interest expense	58	24	1,214	51
Net loss	$(16,903)	$(1,669)	$(28,334)	$(2,972)

</TABLE>

Quarter Ended June 30, 2000 and 1999

Revenues

Total Revenues. Total revenues for the quarter ending June 30, 2000 decreased 10.6% to $10.1 million for the quarter ended June 30, 2000 from $11.3 million during the same period in 1999. For the six months ended June 30, 2000, total revenues decreased 24.6% to $17.1 million from $22.7 million during the same period in 1999. These decreases in total revenues are primarily attributable to decreases in services fees, as a result of the sale of the Company's ERP business in October 1999.

e-commerce License Fees. License fees increased 287.4% to $7.8 million, or 77.8% of total e-commerce revenues, for the quarter ended June 30, 2000 from

$2.0 million, or 84.0% of total e-commerce revenues, in the same period in 1999. For the six months ended June 30, 2000, license fees increased 279.4% to $13.6 million from $3.6 million during the same period in 1999. The increase in e-commerce license fees was the result of an increase in the amount of software licensed.

e-commerce Services Fees. Services fees increased 478.8% to $2.2 million, for the quarter ended June 30, 2000, from $387,000 for the same period in 1999, and also increased as a percentage of total e-commerce revenues to 22.2%, for the period ended June 30, 2000, from 16.0% in the same period in 1999. For the six months ended June 30, 2000, service fees increased 585.9% to $3.5 million from $ 503,000 during the same period in 1999. These increases are primarily attributable to increased demand for the Company's services as a result of the growth in e-commerce license fees.

ERP License Fees. The Company sold its ERP business in October 1999, and as a result had no ERP license fees during the periods ended June 30, 2000. ERP license fees represented $2.2 million , or 52.0% of license fee revenue, during the quarter ending June 30, 1999. ERP license fees represented $4.3 million, or 54.4% of license fee revenue during the six months ended June 30, 1999.

ERP Services Fees. The Company sold its ERP business in October 1999, and as a result had no ERP services fees during the periods ended June 30, 2000. ERP services fees represented $6.7 million, or 94.5% of services fees, during the period ended June 30, 1999. ERP services service revenue represented $14.3 million, or 96.6% of services fees, during the six months ended June 30, 1999.

Cost of Revenues

Total Cost of Revenues. Cost of revenues decreased 44.1% to $ 2.6 million, or 25.6% of total revenue, during the quarter ended June 30, 2000 from $4.6 million, or 41.0% of total revenue, during the same period in 1999. Cost of revenues decreased 55.0% to $4.2 million, or 24.6% of total revenue, from $9.3 million, or 41.1% of total revenue, during the six months ended June 30, 2000. The decrease both in total and as a percentage of total revenues in both comparable periods is primarily a result of the change in mix in revenue from services fees, which historically had a higher cost of revenues, to license fees.

e-commerce Cost of License Fees. Cost of e-commerce license fees increased to $59,000 for the quarter ended June 30, 2000 from $1,000 during the same period in 1999. For the six months ending June 30, 2000, cost of e-commerce license fees increased to $98,000 from $12,000 during the same period in 1999. Cost of license fees may vary from period to period depending on the product mix licensed, but are expected to remain a small percentage of license fees.

e-commerce Cost of Services Fees. Cost of services fees increased 491.8% to $2.5 million, or 112.8% of total e-commerce services fees, during the quarter ended June 30, 2000 compared to $427,000, or 110.3% of total e-commerce services fees, during the same period in 1999. For the six months ended June 30, 2000, cost of e-commerce services fees increased to $4.1 million from $789,000 during the same period in 1999. The increase in the cost of e-commerce services fees was primarily attributable to an increase in personnel and related costs to provide implementation, training and upgrade services to both customers and partners.

ERP Cost of License Fees. The Company sold its ERP business in October 1999, and as a result had no ERP license fees or ERP cost of license fees during the periods ended June 30, 2000. During the quarter ended June 30,1999, cost of ERP license fees totaled $364,000 or 16.6% of ERP license fees. For the six months ended June 30, 1999, cost of ERP license fees totaled $ 699,000 or 16.3% of ERP license fees. ERP cost of license fees represented 99.7% of the total cost of license fees during the quarter ended June 30, 1999 and 98.3% of the total cost of license fees during the six months ended June 30, 1999.

ERP Cost of Services Fees. The Company sold its ERP business in October 1999, and as a result had no ERP services fees or ERP cost of services fees during the period ended June 30, 2000. During the period ended June 30, 1999, ERP cost of services fees totaled approximately $3.8 million, or 57.4% of ERP services fees. For the six months ended June 30, 1999, cost of ERP services fees totaled $7.8

million or 54.7% of ERP services fees. ERP cost of services fees represented 90.0% of the total cost of services fees during the quarter ended June 30, 1999, and 90.8% of total cost of services fees during the six months ended June 30, 1999.

Research and Development Expense, Exclusive of Noncash Expense

Research and development expenses increased 122.7% to approximately $5.3 million, or 52.1% of total revenues, during the quarter ended June 30, 2000 from $2.4 million, or 20.9% of total revenues, during the same period in 1999. Research and development expense increased 83.1% to approximately $8.3 million, or 48.8% of total revenues, during ths six months ending June 30, 2000 from $4.6 million, or 20.1% of total revenues, during the same period in 1999. Research and development expenses increased primarily due to increased personnel and contractor fees related to the development of the Company's e-commerce products. The Company intends to continue to expend substantial resources in research and development.

In-Process Research and Development Expense

In-process research and development expense was approximately $8.3 million for both the quarter ended and the six months ending June 30, 2000. The Company recorded this expense related to its acquisition of the SAI/Rodeo Companies on May 31, 2000.

Sales and Marketing Expense, Exclusive of Noncash Expense

Sales and marketing expenses increased 150.7% to $8.6 million, or 85.6% of total revenues, during the quarter ended June 30, 2000 from $3.4 million, or 30.5% of total revenues, during the same period in 1999. Sales and marketing expenses increased 121.5% to $15.1 million, or 88.3% of total revenues, during the six months ending June 30, 2000 from $6.8 million, or 30.1% of total revenues, during the same period in 1999. The increase was primarily attributable to the additional sales and marketing personnel and promotional activities associated with building market awareness of the Company's e-commerce products. The Company intends to expend substantial resources toward sales and marketing in the e-commerce area.

General and Administrative Expense, Exclusive of Noncash Expense

General and administrative expenses increased 47.8% to $2.4 million during the quarter ending June 30, 2000 or 23.5% of total revenue from $1.6 million, or 14.2% of total revenues, during the same period in 1999. General and administrative expenses increased 55.0% to $5.0 million, or 29.2% of total revenues, during the six months ending June 30, 2000 from $3.2 million, or 14.2% of total revenues, during the same period in 1999. The increase in general and administrative expenses was primarily attributable to increases in personnel, facilities and related costs. The Company believes its general and administrative expenses will continue to increase in future periods to accommodate anticipated growth.

Depreciation and Amortization Expense

Depreciation and amortization increased to $1.6 million in the period ended June 30, 2000 from $963,000 in the same period 1999. Depreciation and amortization increased to $2.3 million in the six months ending June 30, 2000 from $1.8 million in the same period in 1999. The increases in both comparable periods is primarily the result of the Company's amortization of its intangible assets associated with acquisitions completed in the second quarter of 2000.

Noncash Research and Development Expense

Noncash research and development expenses of approximately $826,000 were recognized during the first quarter of 2000. The expenses resulted from the Company's agreement with a third party to develop certain software that the Company intends to sell in the future. The agreement required the third party

to reach certain milestones related to the software development in order to receive warrants to purchase 50,000 shares of the Company' common stock with an exercise price of $56.78. The third party completed two of the three scheduled milestones in the first quarter of 2000 and they were granted warrants to purchase 33,334 shares of common stock. The value of the warrants earned approximated $826,000 and was computed using the Black-Scholes option pricing model. The third milestone was not reached by the scheduled due date, and as a result the warrants to purchase the remaining 16,666 shares of common stock were forfeited. Warrants to purchase 33,334 shares remain outstanding at June 30, 2000 and expire in the first quarter of 2003.

Noncash Sales and Marketing Expense

During the three and six months ended June 30, 2000, noncash sales and marketing expenses of approximately $2.0 million and $3.8 million, respectively, were recognized in connection with sales and marketing agreements signed by the Company, during the fourth quarter of 1999 and the first quarter of 2000. In connection with these agreements, the Company issued warrants and shares of common stock to certain strategic partners, some of whom are also customers, in exchange for their participation in the Company's sales and marketing efforts. The Company recorded the value of these warrants and common stock as deferred sales and marketing expenses, which are being amortized over the life of the agreements which range from six months to five years.

Noncash General and Administrative Expense

Noncash general and administrative expenses increased to approximately $331,000, or 3.3% of total revenues, during the second quarter of 2000, from $42,000, or 0.4% of total revenues, during the same period in 1999. Noncash general and administrative expenses increased to $1.5 million, or 8.6% of total revenues, during the six months ended June 30, 2000 from $84,000, or 0.4% of total revenues, during the same period in 1999. The increases in both the quarter and the six months ending June 30, 2000 were attributable to the Company granting 160,000 options to a senior executive during the first quarter of 2000 at an exercise price below the fair market value at the date of grant. Fifteen percent of these options vested immediately and the remainder vest over four years. The Company immediately expensed $814,500 associated with the intrinsic value of the vested options and recorded the intrinsic value of the unvested options ($5.4 million) as deferred compensation. The Company recognized compensation expense of approximately $331,000 in the quarter ended June 30, 2000 and $1.5 million during the six months ended June 30, 2000 related to this arrangement.

Interest Income

Interest income increased to $3.6 million in the second quarter of 2000, or 35.5% of total revenues from $111,000, or 1.0% of total revenues, in the same period of 1999. Interest income increased to $4.6 million during the six months ended June 30, 2000, or 26.7% of total revenues, from $228,000, or 1.0% of total revenues, in the same period in 1999. The increase in interest income was due to higher levels of cash available for investment, a direct result of the Company's follow-on offering in March 2000. The Company expects to continue to use cash to fund operating losses and, as a result, interest income on available cash is expected to decline in future quarters.

Interest Expense

Interest expense increased 141.7% to $58,000 in the second quarter of 2000 from $24,000 during the same period in 1999. Interest expense increased 2,280.4% to $1.2 million during the six months ended June 30, 2000 from $51,000 during the same period in 1999. The increase for the six months ended June 30, 2000 is primarily due to higher levels of debt in the first quarter of 2000 as compared to 1999. This was primarily the result of an interim funding of $7.0 million received in December 1999. As part of the interim funding agreement, the Company issued warrants valued at approximately $982,000 using the Black-Scholes option pricing model as debt discount to be amortized over the life of the financing agreement. The entire $7.0 million plus interest was paid prior to the end of the first quarter of 2000. As a result the entire value of the warrants was amortized in the period ending March 31, 2000.

Income Taxes

As a result of the operating losses incurred since the Company's inception, no provision or benefit for income taxes was recorded during the quarter and six months ended June 30, 2000 and 1999, respectively.

Liquidity and Capital Resources

On March 10, 2000, the Company completed a follow-on offering of 2,243,000 shares of common stock at an offering price of $115.00 per share. The proceeds, net of expenses, from this public offering of approximately $244.4 million were placed in investment grade cash equivalents and marketable securities. The Company believes the proceeds from this follow-on offering will be adequate to provide for the Company's capital expenditures and working capital requirements for the foreseeable future. Although operating activities may provide cash in certain periods, to the extent the Company experiences growth in the future, the Company's operating and investing activities will use significant amounts of cash.

On March 14, 2000, the Company entered into a securities purchase agreement with Wachovia Capital Investments, Inc. Wachovia purchased a 4.5% convertible subordinated promissory note in the original principal amount of $5.0 million, which may be converted into shares of common stock of the Company. The $5.0 million was placed in investment grade cash equivalents.

Cash used in operating activities was approximately $11.8 million during the six months ended June 30, 2000. The cash used was primarily attributable to the Company's net loss and to increases in accounts receivable, offset by noncash items and increases in accounts payable and accrued liabilities, and deferred revenue. Cash used in operating activities was approximately $4.5 million during the six months ended June 30, 1999. This was primarily attributable to an increase in accounts receivable and decreases in accounts payable and accrued liabilities and deferred revenue.

Cash used for investing activities was approximately $55.5 million during the six month period ended June 30, 2000. The cash was used for acquisitions, purchases of investments in strategic partners, marketable securities, and property and equipment. The cash used for investing activities was partially offset by proceeds related to the sale of

ERP assets of approximately $1.9 million. Cash used for investing activities was approximately $2.0 million during the six month period ended June 30, 1999. Cash was used to purchase property and equipment during this period.

Cash provided by financing activities was approximately $244.3 million during the six month period ended June 30, 2000, and the cash used by financing activities was approximately $197,000 during the six months ended June 30, 1999. The cash provided by financing activities during the period ended June 30, 2000 was primarily attributable to proceeds from the sale of 2,243,000 shares of common stock for approximately $244.4 million, the issuance of long-term debt of $5.0 million, and partially offset by the repayment of $7.0 million in interim funding provided by Transamerica Business Credit Corp., Silicon Valley Bank and Sand Hill Capital II, L.P.

On October 18, 1999, the Company sold its human resources and financial software business to Geac Computer Systems, Inc. and Geac Canada Limited. The Company received approximately $13.5 million in proceeds. A gain of $9.4 million was recorded in 1999, with an additional gain of approximately $547,000 recorded in the second quarter of 2000, following the escrow settlement.

The Company had net operating loss carryforwards of approximately $57.0 million at June 30, 2000, which will expire at various dates through 2019. The Company established a valuation allowance equal to the net operating losses and all other deferred tax assets. The Company will record the income tax benefits from these deferred tax assets when it becomes more likely than not they will be realized, which will reduce the Company's effective tax rate in future periods. Section 382 of the Internal Revenue Code may limit the Company's ability to benefit from certain net operating loss carryforwards, because the Company had

an ownership change of more than 50%, as defined in Section 382. The Company may not realize certain net operating loss carryforwards in future years due to this limitation.

During the first six months of 2000, the Company issued warrants and approximately 39,000 shares of the Company's common stock to certain strategic partners, some of whom are also customers, in exchange for their participation in the Company's sales and marketing efforts. The Company recorded the fair value of these warrants and common stock as deferred sales and marketing expense of approximately $986,000 and $4.4 million, respectively. Deferred sales and marketing expenses will be amortized over the term of the sales and marketing agreements which range from six months to five years.

During 1999, the Company entered into an agreement with a third party to develop certain software that it intends to sell in the future. The third party was to be compensated for these services with warrants to purchase 50,000 shares of the Company's common stock at an exercise price of $56.78 per share. The agreement requires the third party to reach certain milestones related to the software development in order to earn the warrants. The third party completed two of the three scheduled milestones in the first quarter of 2000 and they were granted warrants to purchase 33,334 shares of the Company's common stock. The Company recorded the issuance of the warrants at the time they were earned by the third party and the warrants were valued at approximately $826,000 based on the fair value of the warrants on the date of the grant using the Black-Scholes option pricing model. The third milestone was not reached by the scheduled due date, and as a result the warrants to purchase the remaining 16,666 shares of the Company's common stock were forfeited.

During 1999, the Company entered into a reseller agreement that allows the reseller to license its products in a certain territory. The Company will receive royalty amounts from the reseller if certain minimum revenue requirements are met by the reseller. The Company will recognize these license fees as the products are licensed to end users. Additionally, the reseller has the ability to earn warrants to purchase up to 150,000 shares of the Company's common stock if certain revenue targets are met. The Company will record the issuance of the warrants at the time they are earned by the reseller based on the fair value of the warrant on the date they are earned. During the first six months of 2000, the reseller did not license any of the Company's products. Accordingly, no warrants were granted related to the reseller agreement.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement was amended in June 2000 by Statement No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." Statement No. 138 will be effective for the Company beginning January 2001. The new Statement requires all derivatives to be recorded on the balance sheet at fair value and establishes accounting treatment for three types of hedges: hedges of changes in the fair value of assets, liabilities, or firm commitments: hedges of the variable cash flows of forecasted transactions; and hedges of foreign currency exposures of net investments in foreign operations. To date, the Company has not invested in derivative instruments nor participated in hedging activities and, therefore, does not anticipate there will be a material impact on the results of operations or financial position from Statements No. 133 or No. 138.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101") and amended it in March and June 2000. We are required to adopt the provisions of SAB 101 in the fourth quarter of 2000. We are currently reviewing the provisions of SAB 101 and have not fully assessed the impact of its adoption. While SAB 101 does not supersede the software industry-specific revenue recognition guidance, with which we believe we comply with, the SEC Staff has recently informally indicated its views related to SAB 101 that may change current interpretations of software revenue recognition requirements. Such SEC interpretations could result in many software companies, including us, recording a cumulative effect of a change in accounting principles.

In addition to other information in this quarterly report on Form 10-Q, the following risk factors should be carefully considered in evaluating us and our business because such factors currently may have a significant impact on our business, operating results and financial condition. As a result of the risk factors set forth below, actual results could differ materially from those projected in any forward-looking statements.

We may not effectively implement our business strategy.

Our future performance will depend in part on successfully developing, introducing and gaining market acceptance of our product suite, which is designed to automate the procurement and management of operating resources. On October 18, 1999, we sold substantially all of the assets of our financial and human resources software business to Geac Computer Systems, Inc. and Geac Canada Limited. Our financial and human resources software business had historically been our primary business. We began marketing our Clarus eProcurement solution in the second quarter of 1998. If we do not successfully implement our business-to-business e-commerce growth strategy, our business will suffer materially and adversely.

Our solutions may not achieve significant market acceptance without a critical mass of large buying organizations and their suppliers.

Unless a critical mass of large buying organizations and their suppliers join our SupplierUniverse network, our solutions may not achieve widespread market acceptance, and our business would be seriously harmed. The implementation of our product suite by large buying organizations can be complex, time consuming and expensive. In many cases, these organizations must change established business practices and conduct business in new ways. Our ability to attract additional customers for our product suite will depend on using our existing customers as referenceable accounts. As a result, our operating resource solutions may not achieve significant market acceptance.

If a sufficient and increasing number of suppliers fail to join our SupplierUniverse network, our network will be less attractive to buyers and other suppliers. To provide buyers on our SupplierUniverse network an organized means of accessing operating resources, we rely on suppliers to maintain web-based catalogs, indexing services and other content aggregation tools. Our inability to access and index these catalogs and services would result in our customers having fewer products and services available to them through our solutions, which would adversely affect the perceived usefulness of our SupplierUniverse network.

We expect our product line to appeal to early stage companies, which exposes us to higher than normal credit risk.

Our product line supports Internet-based business-to-business electronic commerce solutions that automate the procurement and management of operating resources. As a result of this functionality many early stage businesses, in addition to many companies with traditional business models, are interested in acquiring our products in the future. Many early stage companies acquire their funding periodically based upon investor's perception of their progress and likelihood of success. Typically, they do not have internal operations sufficient to generate cash which would guarantee their ongoing viability. While we evaluate the ability to pay of all potential customers, if an increasing number of our customers fail in their operations and are unable to continue to pay amounts due under our license agreement, we will experience material and adverse financial losses related to these sales.

If our zero capital subscription-based model is unsuccessful, the market may adopt our products at a slower rate than anticipated, and our business may suffer materially.

We offer a zero capital subscription-based payment method to our customers. This model is unproven and represents a significant departure from the fee-based software licensing strategies that we and our competitors have traditionally employed. If we do not successfully develop and support our zero capital subscription-based model, the market may adopt our products at a slower rate

than anticipated, and our business may suffer materially. As of June 30, 2000, we have no zero capital subscribers.

We may not generate the substantial additional revenues necessary to become profitable and anticipate that we will continue to incur losses.

We have incurred significant net losses in each year since our formation, primarily related to our former enterprise resource planning business. In addition, we have incurred losses related to the development of our electronic procurement business. We expect that we will continue to incur losses.

As we expand our international sales and marketing activities, our business will be more susceptible to numerous risks associated with international operations.

To be successful, we believe we must expand our international operations and hire additional international personnel. As a result, we expect to commit significant resources to expand our international sales and marketing activities. We are subject to a number of risks associated with international business activities. These risks generally include:

- currency exchange rate fluctuations;
- seasonal fluctuations in purchasing patterns;
- unexpected changes in regulatory requirements;
- tariffs, export controls and other trade barriers;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties in managing and staffing international operations;
- potentially adverse tax consequences, including restrictions on the repatriation of earnings;
- the burdens of complying with a wide variety of foreign laws; and
- political instability.

We have limited experience in marketing, selling and supporting our products and services in foreign countries. We do not have experience developing foreign language versions of our products.

We intend to expand the geographic scope of our customer base and operations. We opened our first international sales office in the United Kingdom during the first quarter of 2000 and acquired the SAI/Rodeo Companies which have significant operations in Ireland in the second quarter of 2000.

Significant fluctuations in our quarterly and annual operating results may adversely affect the market price of our common stock.

We believe that our quarterly and annual operating results are likely to fluctuate significantly in the future, and our results of operations may fall below the expectations of securities analysts and investors. If this occurs or if market analysts perceive that it will occur, the market value of our common stock could decrease substantially.

Because the percentage of our revenues represented by maintenance services is smaller than that of many software companies with a longer history of operations, we do not have a significant recurring revenue stream that could lessen the effect of quarterly fluctuations in operating results. Our expense levels are based in part on our expectations of future orders and sales. Many factors may cause significant fluctuations in our quarterly and annual operating results, including:

- changes in the demand for our products;
- the timing, composition and size of orders from our customers;
- customer spending patterns and budgetary resources;
- our success in generating new customers;
- the timing of introductions of or enhancements to our products;
- changes in our pricing policies or those of our competitors;
- our ability to anticipate and adapt effectively to developing markets and rapidly changing technologies;
- our ability to attract, retain and motivate qualified personnel, particularly within our sales and marketing and research and development organizations;
- the publication of opinions or reports about us, our products, our competitors or their products;

- unforeseen events affecting business-to-business e-commerce;
- changes in general economic conditions;
- actions taken by our competitors, including new product introductions and enhancements;
- our ability to scale our network and operations to support large numbers of customers, suppliers and transactions;
- our success in maintaining and enhancing existing relationships and developing new relationships with strategic partners, including application service providers, systems integrators, resellers, value-added trading communities and other partners; and
- our ability to control costs.

Competition from other electronic procurement providers may reduce demand for our products and cause us to reduce the price of our products.

The market for Internet-based procurement applications, and e-commerce technology generally, is rapidly evolving and intensely competitive. We may not compete effectively in our markets. Competitive pressure may result in our reducing the price of our products, which would negatively affect our revenues and operating margins. If we are unable to compete effectively in our markets, our business, results of operations and financial condition would be materially and adversely affected.

In targeting the e-commerce market, we must compete with electronic procurement providers such as Ariba and Commerce One. We also anticipate competition from some of the large enterprise resource planning software vendors, such as Oracle and SAP, which have announced business-to-business electronic procurement solutions. A number of companies, including International Business Machines, have stated an interest in electronic procurement. In addition, we believe we will experience increased competition from travel and expense software companies, such as Concur and Extensity. These companies have significantly greater financial, technical and marketing resources and brand recognition than we have.

In addition, some of our competitors have well-established relationships with our potential customers and have extensive knowledge of our industry. Others have established or may establish cooperative relationships among themselves or with third parties to increase the appeal of their products. We also expect that competition will increase as a result of industry consolidation. For these reasons, and given the relatively low barriers to entry and relatively high availability of capital in today's markets, new competitors will likely emerge in our markets and may rapidly acquire significant market share.

Market adoption of our solutions will be impeded if we do not continue to establish and maintain strategic relationships.

Our success depends in part on the ability of our strategic partners to expand market adoption of our solutions. If we are unable to maintain our existing strategic partnerships or enter into new partnerships, we may need to devote substantially more resources to direct sales of our products and services. We would also lose anticipated customer introductions and co-marketing benefits.

We rely, and expect to rely increasingly, on a number of third-party application service providers to host our solutions. If we are unable to establish and maintain effective, long-term relationships with our application service providers, or if these providers do not meet our customers' needs or expectations, our business would be seriously harmed. In addition, we lose a significant amount of control over our solution when we engage application service providers, and we cannot adequately control the level and quality of their service. By relying on third-party application service providers, we are wholly reliant on their information technology infrastructure, including the maintenance of their computers and communication equipment. An unexpected natural disaster or failure or disruption of an application service provider's infrastructure would have a material adverse effect on our business.

If the demand for our solutions continues to increase, we will need to develop relationships with additional third-party application service providers to provide these services. Our competitors have or may develop relationships with these third parties and, as a result, these third parties may be more

likely to recommend competitors' products and services rather than ours.

Many of our strategic partners have multiple strategic relationships, and they may not regard us as important to their businesses. In addition, our strategic partners may terminate their relationships with us, pursue other partnerships or relationships or attempt to develop or acquire products or services that compete with our solutions. Further, our existing strategic relationships may interfere with our ability to enter into other desirable strategic relationships. A significant number of our new Clarus eProcurement sales and Clarus eMarket sales have occurred through referrals from Microsoft, but Microsoft is not obligated to refer any potential customers to us, and it may enter into strategic relationships with other providers of electronic procurement applications.

We expect to depend on our Clarus eProcurement and Clarus eMarket products for a significant portion of our revenues for the foreseeable future.

We anticipate that revenues from our Clarus eProcurement and Clarus eMarket products and related services will continue to represent substantially all of our revenues for the foreseeable future. As a result, a decline in the price of, profitability of or demand for our Clarus eProcurement and Clarus eMarket products would seriously harm our business. Our Clarus eMarket solution was introduced in the second quarter of 2000.

Clarus eProcurement and eMarket may perform inadequately in a high volume environment.

Any failure by our principal products, Clarus eProcurement and Clarus eMarket, to perform adequately in a high volume environment could materially and adversely affect the market for Clarus eProcurement and Clarus eMarket and our business, results of operations and financial condition. Specifically, Clarus eProcurement was designed for use in environments that include numerous users, large amounts of catalog and other data and potentially high peak transaction volumes. Clarus eProcurement and the third party software and hardware on which it depends may not operate as designed when deployed in these environments.

Defects in our products could delay market adoption of our solutions or cause us to commit significant resources to remedial efforts.

We could lose revenues as a result of software errors or other product defects. As a result of their complexity, software products may contain undetected errors or failures when first introduced or as new versions are released. Despite our testing of our software products and their use by current customers, errors may appear in new applications after commercial shipping begins. If we discover errors, we may not be able to correct them.

Errors and failures in our products could result in the loss of customers and market share or delay in market adoption of our applications, and alleviating these errors and failures could require us to expend significant capital and other resources. The consequences of these errors and failures could materially and adversely affect our business, results of operations and financial condition. Because we do not maintain product liability insurance, a product liability claim could materially and adversely affect our business, results of operations and financial condition. Provisions in our license agreements may not effectively protect us from product liability claims.

Any acquisitions that we attempt or make could prove difficult to integrate or require a substantial commitment of management time and other resources.

As part of our business strategy, we may seek to acquire or invest in additional businesses, products or technologies that may complement or expand our business. If we identify an appropriate acquisition opportunity, we may not be able to negotiate the terms of that acquisition successfully, finance it, or integrate it into our existing business and operations. We have completed only three acquisitions to date. We may not be able to select, manage or absorb any future acquisitions successfully, particularly acquisitions of large companies. Further, the negotiation of potential acquisitions, as well as the integration of an acquired business, would divert management time and other resources. We may use a substantial portion of our available cash to make an acquisition. On the other hand, if we make acquisitions through an exchange of our securities, our stockholders could suffer dilution. In addition, any particular acquisition,

even if successfully completed, may not ultimately benefit our business.

Financial impact of acquisition

Our results of operations were negatively impacted by the accounting treatment for our acquisition of the SAI/Rodeo Companies in the second quarter of 2000. We recognized a write-off of acquired in-process research and amortization expense related to our second quarter of 2000 acquisition. Amortization of this acquisition will adversely affect our results of operations through 2008. The amounts allocated under purchase accounting to developed technology and in-process research and development in the acquisition involve valuation estimations of future revenues, expenses, operating profit, and cash flows. The actual revenues, expenses, operating profits, and cash flows from the acquired technology recognized in the future may vary materially from such estimates. If the in-process research and development product is not successfully developed, our sales and profitability may be adversely affected in future periods. Additionally, the value of other intangible assets acquired may become impaired.

An increase in the length of our sales cycle may contribute to fluctuations in our operating results.

As our products and competing products become increasingly sophisticated and complex, the length of our sales cycle is likely to increase. The loss or delay of orders due to increased sales and evaluation cycles could materially and adversely affect our business, results of operations and financial condition and, in particular, could contribute to significant fluctuations in our quarterly operating results. A customer's decision to license and implement our solutions may present significant enterprise-wide implications for the customer and involve a substantial commitment of its management and resources. The period of time between initial customer contact and the purchase commitment typically ranges from four to nine months for our applications. Our sales cycle could extend beyond current levels as a result of lengthy evaluation and approval processes that typically accompany major initiatives or capital expenditures or other delays over which we have little or no control.

Our success depends on the continued use of Microsoft technologies or other technologies that operate with our products.

Our products operate with, or are based on, Microsoft's proprietary products. If businesses do not continue to adopt these technologies as anticipated, or if they adopt alternative technologies that we do not support, we may incur significant costs in redesigning our products or lose market share. Our customers may be unable to use our products if they experience significant problems with Microsoft technologies that are not corrected.

The failure to maintain, support or update software licensed from third parties could materially and adversely affect our products' performance or cause product shipment delays.

We have entered into license agreements with third-party licensors for products that enhance our products, are used as tools with our products, are licensed as products complementary to ours or are integrated with our products. If these licenses terminate or if any of these licensors fail to adequately maintain, support or update their products, we could be required to delay the shipment of our products until we could identify and license software offered by alternative sources. Product shipment delays could materially and adversely affect our business, operating results and financial condition, and replacement licenses could prove costly. We may be unable to obtain additional product licenses on commercially reasonable terms. Additionally, our inability to maintain compatibility with new technologies could impact our customers' use of our products.

If we are unable to manage our internal resources, we may incur increased administrative costs and be unable to capitalize on revenue opportunities.

The growth of our e-commerce business coupled with the rapid evolution of our market has strained, and may continue to strain, our administrative, operational and financial resources and internal systems, procedures and controls. Our inability to manage our internal resources effectively could increase administrative costs and distract management. If our management is

distracted, we may not be able to capitalize on opportunities to increase revenues.

Our success depends on our continuing ability to attract, hire, train and retain a substantial number of highly skilled managerial, technical, sales, marketing and customer support personnel.

Competition for qualified personnel is intense, and we may fail to retain our key employees or to attract or retain other highly qualified personnel. In particular, there is a shortage of, and significant competition for, research and development and sales personnel. Even if we are able to attract qualified personnel, new hires frequently require extensive training before they achieve desired levels of productivity. If we are unable to hire or fail to retain competent personnel, our business, results of operations and financial condition could be materially and adversely affected. We do not maintain life insurance policies on any of our employees.

Illegal use of our proprietary technology could result in substantial litigation costs and divert management resources.

Our success will depend significantly on internally developed proprietary intellectual property and intellectual property licensed from others. We rely on a combination of copyright, trademark and trade secret laws, as well as on confidentiality procedures and licensing arrangements, to establish and protect our proprietary rights in our products. We have no patents or patent applications pending, and existing trade secret and copyright laws provide only limited protection of our proprietary rights. We have applied for registration of our trademarks. We enter into license agreements with our customers that give the customer the non-exclusive right to use the object code version of our products. These license agreements prohibit the customer from disclosing object code to third parties or reverse-engineering our products and disclosing our confidential information. Despite our efforts to protect our products' proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Third parties may also independently develop products similar to ours.

Litigation may be necessary 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. Such litigation could result in substantial costs and diversion of resources and could harm our business, operating results and financial condition.

Claims against us regarding our proprietary technology could require us to pay licensing or royalty fees or to modify or discontinue our products.

Any claim that our products infringe on the intellectual property rights of others could materially and adversely affect our business, results of operations and financial condition. Because knowledge of a third party's patent rights is not required for a determination of patent infringement and because the United States Patent and Trademark Office is issuing new patents on an ongoing basis, infringement claims against us are a continuing risk. Infringement claims against us could cause product release delays, require us to redesign our products or require us to enter into royalty or license agreements. These agreements may be unavailable on acceptable terms. Litigation, regardless of the outcome, could result in substantial cost, divert management attention and delay or reduce customer purchases. Claims of infringement are becoming increasingly common as the software industry matures and as courts apply expanded legal protections to software products. Third parties may assert infringement claims against us regarding our proprietary technology and intellectual property licensed from others. Generally, third- party software licensors indemnify us from claims of infringement. However, licensors may be unable to indemnify us fully for such claims, if at all.

If a court determines that one of our products violates a third party's patent or other intellectual property rights, there is a material risk that the revenue from the sale of the infringing product will be significantly reduced or eliminated, as we may have to:

. pay licensing fees or royalties to continue selling the product;
. incur substantial expense to modify the product so that the third party's

patent or other intellectual property rights no longer apply to the product; or
. stop selling the product.

In addition, if a court finds that one of our products infringes a third party's patent or other intellectual property rights, then we may be liable to that third party for actual damages and attorneys' fees. If a court finds that we willfully infringed on a third party's patent, the third party may be able to recover treble damages, plus attorneys' fees and costs.

A compromise of the encryption technology employed in our solutions could reduce customer and market confidence in our products or result in claims against us.

A significant barrier to Internet-based commerce is the secure exchange of valued and confidential information over public networks. Any compromise of our security technology could result in reduced customer and market confidence in our products and in customer or third party claims against us. This could materially and adversely affect our business, financial condition and operating results. Clarus eProcurement relies on encryption technology to provide the security and authentication necessary to protect the exchange of valuable and confidential information. Advances in computer capabilities, discoveries in the field of cryptography or other events or developments may result in a compromise of the encryption methods we employ in Clarus eProcurement and Clarus eMarkets to protect transaction data.

Our success depends upon market acceptance of e-commerce as a reliable method for corporate procurement and other commercial transactions.

Market acceptance of e-commerce generally, and the Internet specifically, as a forum for corporate procurement is uncertain and subject to a number of risks. The success of our suite of business-to-business e-commerce applications, including Clarus eProcurement and Clarus eMarkets, depends upon the development and expansion of the market for Internet-based software applications, in particular e-commerce applications. This market is new and rapidly evolving. Many significant issues relating to commercial use of the Internet, including security, reliability, cost, ease of use, quality of service and government regulation, remain unresolved and could delay or prevent Internet growth. If widespread use of the Internet for commercial transactions does not develop or if the Internet otherwise does not develop as an effective forum for corporate procurement, the demand for our product suite and our overall business, operating results and financial condition will be materially and adversely affected.

If the market for Internet-based procurement applications fails to develop or develops more slowly than we anticipate or if our Internet-based products or new Internet-based products we may develop do not achieve market acceptance, our business, operating results and financial condition could be materially and adversely affected. The adoption of the Internet for corporate procurement and other commercial transactions requires accepting new ways of transacting business. In particular, enterprises with established patterns of purchasing goods and services that have already invested substantial resources in other means of conducting business and exchanging information may be particularly reluctant to adopt a new strategy that may make some of their existing personnel and infrastructure obsolete. Also, the security and privacy concerns of existing and potential users of Internet-based products and services may impede the growth of online business generally and the market's acceptance of our products and services in particular. A functioning market for these products may not emerge or be sustained.

The market for business-to-business e-commerce solutions is characterized by rapid technological change, and our failure to introduce enhancements to our products in a timely manner could render our products obsolete and unmarketable.

The market for e-commerce applications is characterized by rapid technological change, frequent introductions of new and enhanced products and changes in customer demands. In attempting to satisfy this market's demands, we may incur substantial costs that may not result in increased revenues due to the short life cycles for business-to-business e-commerce solutions. Because of the potentially rapid changes in the e-commerce applications market, the life cycle of our products is difficult to estimate. Products, capabilities or technologies others develop may render our products or technologies obsolete or

noncompetitive and shorten the life cycles of our products. Satisfying the increasingly sophisticated needs of our customers requires developing and introducing enhancements to our products and technologies in a timely manner that keeps pace with technological developments, emerging industry standards and customer requirements while keeping our products priced competitively. Our failure to develop and introduce new or enhanced e-commerce products that compete with other available products could materially and adversely affect our business, results of operations and financial condition.

Failure to expand Internet infrastructure could limit our growth.

Our ability to increase the speed and scope of our services to customers is limited by and depends on the speed and reliability of both the Internet and our customers' internal networks. As a result, the emergence and growth of the market for our services depends on improvements being made to the entire Internet infrastructure as well as to our individual customers' networking infrastructures. The recent growth in Internet traffic has caused frequent periods of decreased performance. If the Internet's infrastructure is unable to support the rapid growth of Internet usage, its performance and reliability may decline, and overall Internet usage could grow more slowly or decline. If Internet reliability and performance declines, or if necessary improvements do not increase the Internet's capacity for increased traffic, our customers will be hindered in their use of our solutions, and our business, operating results and financial condition could suffer.

Future governmental regulations could materially and adversely affect our business and e-commerce generally.

We are not subject to direct regulation by any government agency, other than under regulations applicable to businesses generally, and few laws or regulations specifically address commerce on the Internet. In view of the increasing use and growth of the Internet, however, the federal government or state governments may adopt laws and regulations covering issues such as user privacy, property ownership, libel, pricing and characteristics and quality of products and services. We could incur substantial costs in complying with these laws and regulations, and the potential exposure to statutory liability for information carried on or disseminated through our application systems could force us to discontinue some or all of our services. These eventualities could adversely affect our business operating results and financial condition. The adoption of any laws or regulations covering these issues also could slow the growth of e-commerce generally, which would also adversely affect our business, operating results or financial condition. Additionally, one or more states may impose sales tax collection obligations on out-of-state companies that engage in or facilitate e-commerce. The collection of sales tax in connection with e-commerce could impact the growth of e-commerce and could adversely affect sales of our e-commerce products.

Legislation limiting further levels of encryption technology may adversely affect our sales.

As a result of customer demand, it is possible that Clarus eProcurement and Clarus eMarkets will be required to incorporate additional encryption technology. The United States government regulates the exportation of this technology. Export regulations, either in their current form or as they may be subsequently enacted, may further limit the levels of encryption or authentication technology that we are able to use in our software and our ability to distribute our products outside the United States. Any revocation or modification of our export authority, unlawful exportation or use of our software or adoption of new legislation or regulations relating to exportation or use of software and encryption technology could materially and adversely affect our sales prospects and, potentially, our business, financial condition and operating results as a whole.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

On May 31, 2000, the Company issued 1,148,000 shares of common stock in

connection with the acquisition of SAI (Ireland) Limited, SAI Recruitment Limited, i2Mobile.com Limited and SAI America Limited.

These shares were not registered under the Securities Act of 1933 but were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act of 1933.

Item 4. Submission of Matters to a Vote of Security Holders

The following proposals were submitted to our stockholders at our annual stockholders meeting on June 13, 2000.

1. The proposal to elect Donald House as a Class II Director to serve until the 2003 annual stockholders' meeting. This proposal was approved with 12,017,859 shares or 85% voting for the proposal and 22,854 shares or .16% withholding authority.

2. The proposal to elect Tench Coxe as a Class II Director to serve until the 2003 annual stockholders' meeting. This proposal was approved with 12,017,859 shares or 85% voting for the proposal and 22,854 shares or .16% withholding authority.

3. The proposal to amend our Amended Certificate of Incorporation to increase the number of authorized shares of common stock from 25,000,000 to 100,000,000. This proposal was approved with 9,006,619 shares or 63.7% voting for the proposal, 2,759,708 shares or 19.5% voting against the proposal and 274,386 shares or 1.9% abstaining from the proposal.

4. The proposal to amend and restate our 1998 Stock Incentive Plan to increase the number of shares of common stock available for grant thereunder from 1,500,000 to 3,000,000 shares. This proposal was approved with 3,458,176 shares or 76% of the votes cast voting for the proposal, 2,319,806 shares or 38.7% of the votes cast voting against the proposal and 281,367 shares or 4.7% of the votes cast abstaining from the proposal.

5. The proposal to adopt an employee stock purchase plan. This proposal was approved with 5,641,458 shares or 93% of the votes cast voting for the proposal, 141,465 shares or 2.3% of the votes cast voting against the proposal and 276,426 shares or 4.5% of the votes cast abstaining from the proposal.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

2.1 Stock Purchase Agreement dated May 31, 2000 by and among Clarus Corporation, SAI (Ireland) Limited, SAI Recruitment Limited, i2Mobile.com Limited, SAI America Limited (the "Companies") and the shareholders of the Companies (Incorporated by reference from Exhibit 2.1 of the Company's Form 8-K filed on June 13, 2000).

4.1 Amendment to Amended and Restated Certificate of Incorporation
10.1 Patent License Agreement (Incorporated by reference from Exhibit 10.1 of the Company's Form 8-K filed on June 13, 2000).
10.2 Amended and Restated Stock Incentive Plan
10.3 Employee Stock Purchase Plan
10.4 Global Employee Stock Purchase Plan
10.5 Form of Nonqualified Stock Option Agreement
10.6 Stock Incentive Plan of Software Architects International, Limited (Incorporated by reference from Exhibit 2.2 of the Company's Form 8-K filed on June 13, 2000)
10.7 2000 Declaration of Amendment to Software Architects International Limited Stock Incentive Plan (Incorporated by reference from Exhibit 2.3 of the Company's Form 8-K filed on June 13, 2000).
10.8 Employment Agreement between the Company and Stephen P. Jeffery.
10.9 Employment Agreement between the Company and Mark D. Gagne.
27.1 Financial Data Schedule

(b) Reports on Form 8-K

On June 12, 2000, the Company filed a current report on Form 8-K to report that on June 6, 2000, Arthur Andersen LLP's appointment as principal accountants was terminated and KPMG LLP was appointed as principal accountants.

On June 13, 2000, the Company filed a current report on Form 8-K to report that it had acquired all of the outstanding capital stock of SAI (Ireland) Limited, SAI Recruiting Limited, i2Mobile.com Limited and SAI America Limited pursuant to a Stock Purchase Agreement dated May 31, 2000.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CLARUS CORPORATION

Date: August 14, 2000 /s/ Mark D. Gagne

Chief Operating Officer and
Chief Financial Officer

EXHIBIT 4.1

CERTIFICATE OF AMENDMENT OF

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION OF

CLARUS CORPORATION

The undersigned, being the Chairman, Chief Executive Officer and President of CLARUS CORPORATION, a Delaware corporation, hereby certifies that:

1.

(a) The name of the Corporation is CLARUS CORPORATION (the "Corporation").

(b) The date of filing the original Certificate of Incorporation of the Corporation with the Secretary of State of Delaware was November 20, 1991.

2.

The following amendment to the Corporation's Certificate of Incorporation was duly adopted by stockholders of the Corporation at the 2000 annual meeting of the Corporation in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware (the "Code"), and written notice of such meeting was given to all stockholders in accordance with Section 222 of the Code.

3.

Article 4 of the Amended and Restated Certificate of Incorporation of the Corporation shall be amended by striking paragraph (a) of Article 4 in its entirety and replacing said paragraph with the following:

> This Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Corporation is authorized to issue is 105,000,000 shares, of which 100,000,000 shares are Common Stock, $.0001 par value per share, and 5,000,000 shares are Preferred Stock, $.0001 par value per share. The rights and preferences of all outstanding shares of Common Stock shall be identical. The holders of outstanding shares of Common Stock shall have the right to vote on all matters submitted to a vote of the stockholders of the Corporation, on the basis of one vote per share of Common Stock owned.

IN WITNESS WHEREOF, CLARUS CORPORATION, has caused this Certificate to be signed and attested by its duly authorized officers, this 13th day of June, 2000.

CLARUS CORPORATION

By: /s/ Stephen P. Jeffery

Stephen P. Jeffery, Chairman, Chief Executive Officer and President

ATTEST:

/s/ Mark Gagne
- ---
Mark Gagne, Secretary

[CORPORATE SEAL]

EXHIBIT 10.2

STOCK INCENTIVE PLAN

OF

CLARUS CORPORATION
(As Amended and Restated Effective as of June 13, 2000)

STOCK INCENTIVE PLAN
OF
CLARUS CORPORATION
(As Amended and Restated Effective as of June 13, 2000)

1. Purpose

The purpose of the Stock Incentive Plan of Clarus Corporation, as amended and restated (formerly, the 1998 Stock Incentive Plan of Clarus Corporation) (the "Plan"), is to encourage and enable selected employees, directors and independent contractors of Clarus Corporation (the "Corporation") and its related corporations to acquire or to increase their holdings of common stock of the Corporation (the "Common Stock") and other proprietary interests in the Corporation in order to promote a closer identification of their interests with those of the Corporation and its stockholders, thereby further stimulating their efforts to enhance the efficiency, soundness, profitability, growth and stockholder value of the Corporation. This purpose will be carried out through the granting of benefits (collectively referred to herein as "Awards") to selected employees, independent contractors and directors, including the granting of incentive stock options ("Incentive Options") intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), nonqualified stock options ("Nonqualified Options"), stock appreciation rights ("SARs"), restricted stock awards ("Restricted Stock Awards"), and restricted units ("Restricted Units") to such participants. Incentive Options and Nonqualified Options shall be referred to herein collectively as "Options." Restricted Stock Awards and Restricted Units shall be referred to herein collectively as "Restricted Awards."

2. Administration of the Plan

(a) The Plan shall be administered by the Compensation Committee (the "Committee") of the Board of Directors of the Corporation (the "Board"); provided, however, that the Board may, in its sole discretion, assume administration of the Plan in whole or in part. (For the purposes herein, references to the "Committee" shall also include the Board if it is acting in its administrative capacity.) Unless the Board shall determine otherwise, the Committee shall be comprised solely of "non-employee directors," as such term is defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or as may otherwise be permitted by Rule 16b-3. Further, to the extent required by Section 162(m) of the Code or related regulations, the Plan shall be administered by a committee comprised of "outside directors" (as such term is defined in Section 162(m) or related regulations) or as may otherwise be permitted under Section 162(m) and related regulations.

(b) Any action of the Committee with respect to the Plan may be taken by a written instrument signed by all of the members of the Committee and any such action so taken by written consent shall be as fully effective as if it had been taken by a majority of the members at a meeting duly held and called. Subject to the provisions of the Plan, the Committee shall have full and final authority in its discretion to take any action with respect to the Plan including, without limitation, the authority (i) to determine all matters relating to Awards, including selection of individuals to be granted Awards, the types of Awards, the number of shares of the Common Stock, if any, subject to an

Award, and all terms, conditions, restrictions and limitations of an Award; (ii) to prescribe the

form or forms of the agreements evidencing any Awards granted under the Plan; (iii) to establish, amend and rescind rules and regulations for the administration of the Plan; and (iv) to construe and interpret the Plan and agreements evidencing Awards granted under the Plan, to establish and interpret rules and regulations for administering the Plan and to make all other determinations deemed necessary or advisable for administering the Plan. The Committee shall also have authority, in its sole discretion, to accelerate the date that any Award which was not otherwise exercisable or vested shall become exercisable or vested in whole or in part without any obligation to accelerate such date with respect to any other Award granted to any recipient. In addition, the Committee shall have the authority and discretion to establish terms and conditions of Awards as the Committee determines to be necessary or appropriate to conform to the applicable requirements or practices of jurisdictions outside of the United States.

(c) Notwithstanding Section 2(b), the Committee may delegate to the chief executive officer or president of the Corporation the authority to grant Awards, and to make any or all of the determinations reserved for the Committee in the Plan and summarized in Section 2(b) herein with respect to such Awards, to any individual who, at the time of said grant or other determination, (i) is not deemed to be an officer or director of the Corporation within the meaning of Section 16 of the Exchange Act; (ii) is not deemed to be a Covered Employee; and (iii) is otherwise eligible under Section 5. To the extent that the Committee has delegated authority to grant Awards pursuant to this Section 2(c) to the chief executive officer or president, references to the Committee shall include references to such person, subject, however, to the requirements of the Plan, Rule 16b-3 and other applicable law.

3. Effective Date

The effective date of the Plan shall be February 5, 1998 (the "Effective Date"). The Plan was amended and restated effective as of June 13 , 2000. Awards may be granted under the Plan on and after the Effective Date, but no Awards will be granted after February 4, 2008.

4. Shares of Stock Subject to the Plan

(a) Subject to adjustment as provided in Section 4(c), the number of shares of Common Stock that may be issued pursuant to Awards shall equal the sum of (i) 3,000,000 shares of Common Stock; (ii) any shares of Common Stock available for future awards under the SQL 1992 Stock Plan (the "Prior Plan") as of June 13, 2000; and (iii) any shares of Common Stock that are represented by awards granted under the Plan or the Prior Plan which are forfeited, expire or are canceled or terminated without delivery of shares of Common Stock or which result in the forfeiture of the shares of Common Stock back to the Corporation. Shares issued pursuant to the Plan may be authorized but unissued shares, treasury shares or shares purchased on the open market or by private purchase.

(b) The Corporation hereby reserves sufficient authorized shares of Common Stock to meet the grant of Awards hereunder. To the extent that any shares of Common Stock subject to an Award are not delivered to a Participant (or his beneficiary) because the Award is forfeited, canceled, settled in cash or used to satisfy applicable tax withholding obligations, such shares shall not be deemed to have been issued for purposes of determining the maximum number of shares of Common Stock available for issuance under the Plan. If the purchase price of an Option granted under the Plan is satisfied by tendering shares of Common Stock, only the number of shares issued net of the

shares of Common Stock tendered shall be deemed issued for purposes of determining the maximum number of shares of Common Stock available for issuance under the Plan.

(c) If there is any change in the shares of Common Stock because of a merger, consolidation or reorganization involving the Corporation or a related corporation, or if the Board of Directors of the Corporation declares a stock dividend, stock split distributable in shares of Common Stock, or reverse stock split, or if there is a similar change in the capital stock structure of the Corporation or a related corporation affecting the Common Stock, the number of

shares of Common Stock reserved for issuance under the Plan shall be correspondingly adjusted, and the Committee shall make such adjustments to Awards or to any provisions of this Plan as the Committee deems equitable to prevent dilution or enlargement of Awards.

(d) In no event shall an employee be granted Awards under the Plan for more than 200,000 shares of Common Stock (or the equivalent value thereof based on the Fair Market Value of the Common Stock on the date of grant of the Award) during any calendar year, subject to adjustment as provided in Section 4(c) herein.

5. Eligibility

An Award may be granted only to an individual who satisfies the following eligibility requirements on the date the Award is granted:

(a) The individual is either (i) an employee of the Corporation or a related corporation, (ii) a director of the Corporation or a related corporation, or (iii) an independent contractor, consultant or advisor (collectively, "independent contractors") providing services to the Corporation or a related corporation. For this purpose, an individual shall be considered to be an "employee" only if there exists between the individual and the Corporation or a related corporation the legal and bona fide relationship of employer and employee.

(b) With respect to the grant of Incentive Options, the individual does not own, immediately before the time that the Incentive Option is granted, stock possessing more than ten percent of the total combined voting power of all classes of stock of the Corporation. Notwithstanding the foregoing, an individual who owns more than ten percent of the total combined voting power of the Corporation may be granted an Incentive Option if the option price (as determined pursuant to Section 6(b) herein, is at least 110% of the Fair Market Value of the Common Stock (as defined in Section 6(b) herein), and the option period (as defined in Section 6(c) herein) does not exceed five years. For this purpose, an individual will be deemed to own stock which is attributable to him under Section 424(d) of the Code.

(c) The individual, being otherwise eligible under this Section 5, is selected by the Committee as an individual to whom an Award shall be granted (a "Participant").

6. Options

(a) Grant of Options: Subject to the limitations of the Plan, the Committee may in its sole and absolute discretion grant Options to such eligible individuals in such numbers, upon such terms and at such times as the Committee shall determine. Both Incentive Options and Nonqualified Options may be granted under the Plan; provided, however, that Incentive Options may only be

granted to employees of the Corporation or a related corporation. To the extent necessary to comply with Section 422 of the Code and related regulations, if an Option is designated as an Incentive Option but does not qualify as such under Section 422 of the Code, the Option (or portion thereof) shall be treated as a Nonqualified Option.

(b) Option Price; Date of Grant; Fair Market Value: The price per share at which an Option may be exercised (the "option price") shall be established by the Committee at the time the Option is granted and shall be set forth in the terms of the agreement evidencing the grant of the Option; provided, that (i) in the case of an Incentive Option, the option price shall be no less than 100% of the Fair Market Value per share of the Common Stock on the date the Option is granted; and (ii) in no event shall the option price per share of any Option be less than the par value per share of the Common Stock. In addition, the following rules shall apply:

(i) An Incentive Option shall be considered to be granted on the date that the Committee acts to grant the Option, or on any later date specified by the Committee as the effective date of the Option. A Nonqualified Option shall be considered to be granted on the date the Committee acts to grant the Option or any other date specified by the Committee as the date of grant of the Option.

(ii) For the purposes of the Plan, unless an individual agreement provides otherwise, the Fair Market Value of the shares shall be determined in good faith by the Committee in accordance with the following provisions: (A) if the shares of Common Stock are listed for trading on the New York Stock Exchange or the American Stock Exchange, the Fair Market Value shall be the closing sales price of the shares on the New York Stock Exchange or the American Stock Exchange (as applicable) on the date immediately preceding the date the Option is granted, or, if there is no transaction on such date, then on the trading date nearest preceding the date the Option is granted for which closing price information is available, and, provided further, if the shares are quoted on the Nasdaq National Market or the Nasdaq SmallCap Market of the Nasdaq Stock Market but are not listed for trading on the New York Stock Exchange or the American Stock Exchange, the Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported or if there is no transaction on such date, then on the trading date nearest preceding the date the Option is granted) as quoted on such system on the date immediately preceding the date the Option is granted for which such information is available; or (B) if the shares of Common Stock are not listed or reported in any of the foregoing, then the Fair Market Value shall be determined by the Committee in accordance with the applicable provisions of Section 20.2031-2 of the Federal Estate Tax Regulations, or in any other manner consistent with the Code and accompanying regulations.

(iii) In no event shall there first become exercisable by an employee in any one calendar year Incentive Options granted by the Corporation or any related corporation with respect to shares having an aggregate Fair Market Value (determined at the time an Incentive Option is granted) greater than $100,000.

(c) Option Period and Limitations on the Right to Exercise Options

(i) The term of an Option (the "option period") shall be determined by the Committee at the time the Option is granted. With respect to Incentive Options, such period

shall not extend more than ten years from the date on which the Option is granted. Any Option or portion thereof not exercised before expiration of the option period shall terminate. The period or periods during which and the terms and conditions pursuant to which an Option may be exercised shall be determined by the Committee at the time the Option is granted.

(ii) An Option may be exercised by giving written notice to the Corporation at such place as the Corporation or its designee shall direct. Such notice shall specify the number of shares to be purchased pursuant to an Option and the aggregate purchase price to be paid therefor, and shall be accompanied by the payment of such purchase price. Unless an individual option agreement provides otherwise, such payment shall be in the form of (A) cash; (B) delivery (by either actual delivery or attestation) of shares of Common Stock owned by the Participant at the time of exercise for a period of at least six months and otherwise acceptable to the Committee; (C) delivery of written notice of exercise to the Corporation and delivery to a broker of written notice of exercise and irrevocable instructions to promptly deliver to the Corporation the amount of sale or loan proceeds to pay the option price; or (D) a combination of the foregoing methods, as elected by the Participant. Shares tendered in payment on the exercise of an Option shall be valued at their Fair Market Value on the date of exercise, as determined by the Committee by applying the provisions of Section 6(b)(ii).

(iii) Unless an individual option agreement provides otherwise, and notwithstanding Section 6(c)(i) herein, no Option granted to a Participant who was an employee at the time of grant shall be exercised unless the Participant is, at the time of exercise, an employee as described in Section 5(a), and has been an employee continuously since the date the Option was granted, subject to the following:

(A) An Option shall not be affected by any change in the terms, conditions or status of the Participant's employment, provided that the Participant continues to be an employee of the Corporation or a

related corporation.

(B) The employment relationship of a Participant shall be treated as continuing intact for any period that the Participant is on military or sick leave or other bona fide leave of absence, provided that the period of such leave does not exceed ninety days, or, if longer, as long as the Participant's right to reemployment is guaranteed either by statute or by contract. The employment relationship of a Participant shall also be treated as continuing intact while the Participant is not in active service because of disability. The Committee shall determine whether a Participant is disabled, and, if applicable, the date of a participant's termination of employment or service for any reason (the "termination date").

(C) Unless an individual option agreement provides otherwise, if the employment of a Participant is terminated because of disability within the meaning of subparagraph (B), or if the Participant dies while he is an employee or dies after the termination of his employment because of disability, the Option may be exercised only to the extent exercisable on his termination date, except that the Committee may in its discretion accelerate

the date for exercising all or any part of the Option which was not otherwise exercisable on the termination date. The Option must be exercised, if at all, prior to the first to occur of the following, whichever shall be applicable: (X) the close of the period of twelve months next succeeding the termination date; or (Y) the close of the option period. In the event of the Participant's death, such Option shall be exercisable by such person or persons as shall have acquired the right to exercise the Option by will or by the laws of intestate succession.

(D) Unless an individual option agreement provides otherwise, if the employment of the Participant is terminated for any reason other than disability (as defined in subparagraph (B)), death or for "cause," his Option may be exercised to the extent exercisable on the date of such termination of employment, except that the Committee may in its discretion accelerate the date for exercising all or any part of the Option which was not otherwise exercisable on the date of such termination of employment. The Option must be exercised, if at all, prior to the first to occur of the following, whichever shall be applicable: (X) the close of the period of three (3) months next succeeding the termination date; or (Y) the close of the option period. If the Participant dies following such termination of employment and prior to the earlier of the dates specified in (X) or (Y) of this subparagraph (D), the Participant shall be treated as having died while employed under subparagraph (C) immediately preceding (treating for this purpose the Participant's date of termination of employment as the termination date). In the event of the Participant's death, such Option shall be exercisable by such person or persons as shall have acquired the right to exercise the Option by will or by the laws of intestate succession.

(E) Unless an individual option agreement provides otherwise, if the employment of the Participant is terminated for "cause," his Option shall lapse and no longer be exercisable as of the effective time of his termination of employment, as determined by the Committee. For purposes of the Plan, the Participant's termination shall be for "cause" if such termination results from the Participant's (W) (with respect to Options granted on or after June 13, 2000) termination for "cause" under the Participant's employment, consulting or other agreement with the Corporation or a related corporation; (X) dishonesty or conviction of a crime; (Y) failure to perform his duties to the satisfaction of the Corporation; or (Z) engaging in conduct that could be materially damaging to the Corporation without a reasonable good faith belief that such conduct was in the best interest of the Corporation. The determination of "cause" shall be made by the Committee and its determination shall be final and conclusive.

(F) Notwithstanding the foregoing, the Committee shall have

authority, in its discretion, to extend the period during which an Option may be exercised; provided that, in the event that any such extension shall cause an Incentive Option to be designated as a Nonqualified Option, no such extension shall be made without the prior written consent of the Participant.

(iv) Unless an individual agreement provides otherwise, an Option granted to a Participant who was an independent contractor or director of the Corporation or a related corporation at the time of grant (and who does not thereafter become an employee, in which case he shall be subject to the provisions of Section 6(c)(iii) herein) may be exercised only to the extent exercisable on the date of the Participant's termination of service to the Corporation or a related corporation (unless the termination was for cause), and must be exercised, if at all, prior to the first to occur of the following, as applicable: (X) the close of the period of three (3) months next succeeding the termination date; or (Y) the close of the option period. If the services of such a Participant are terminated for cause (as defined in Section 6(c)(iii)(E) herein), his Option shall lapse and no longer be exercisable as of the effective time of his termination of services, as determined by the Committee. Notwithstanding the foregoing, the Committee may in its discretion accelerate the date for exercising all or any part of an Option which was not otherwise exercisable on the termination date or extend the period during which an Option may be exercised, or both.

(v) A Participant or his legal representative, legatees or distributees shall not be deemed to be the holder of any shares subject to an Option and shall not have any rights of a stockholder unless and until certificates for such shares are delivered to him or them under the Plan.

(vi) Nothing in the Plan shall confer upon the Participant any right to continue in the service of the Corporation or a related corporation as an employee, director, or independent contractor or to interfere in any way with the right of the Corporation or a related corporation to terminate the Participant's employment or service at any time.

(vii) A certificate or certificates for shares of Common Stock acquired upon exercise of an Option shall be issued in the name of the Participant (or his beneficiary) and distributed to the Participant (or his beneficiary) as soon as practicable following receipt of notice of exercise and payment of the purchase price.

(d) Nontransferability of Options

(i) Incentive Options shall not be transferable other than by will or the laws of intestate succession. Nonqualified Options shall not be transferable other than by will or the laws of intestate succession, except as may be permitted by the Committee in a manner consistent with the registration provisions of the Securities Act of 1933, as amended (the "Securities Act"). Except as may be permitted by the preceding sentence, an Option shall be exercisable during the Participant's lifetime only by him or by his guardian or legal representative. The designation of a beneficiary does not constitute a transfer.

(ii) If a Participant is subject to Section 16 of the Exchange Act, shares of Common Stock acquired upon exercise of an Option may not, without the consent of the Committee, be disposed of by the Participant until the expiration of six months after the date the Option was granted.

7. Stock Appreciation Rights

(a) Grant of SARs: Subject to the limitations of the Plan, the Committee may in its sole and absolute discretion grant SARs to such eligible individuals, in such numbers, upon such terms and at such times as the Committee shall

determine. SARs may be granted to an optionee of an Option (hereinafter called a "Related Option") with respect to all or a portion of the shares of Common Stock subject to the Related Option (a "Tandem SAR") or may be granted separately to an eligible key employee (a "Freestanding SAR"). Subject to the limitations of the Plan, SARs shall be exercisable in whole or in part upon notice to the Corporation upon such terms and conditions as are provided in the agreement relating to the grant of the SAR.

(b) Tandem SARs: A Tandem SAR may be granted either concurrently with the grant of the Related Option or (if the Related Option is a Nonqualified Option) at any time thereafter prior to the complete exercise, termination, expiration or cancellation of such Related Option. Tandem SARs shall be exercisable only at the time and to the extent that the Related Option is exercisable (and may be subject to such additional limitations on exercisability as the Committee may provide in the agreement), and in no event after the complete termination or full exercise of the Related Option. For purposes of determining the number of shares of Common Stock that remain subject to such Related Option and for purposes of determining the number of shares of Common Stock in respect of which other Awards may be granted, upon the exercise of Tandem SARs, the Related Option shall be considered to have been surrendered to the extent of the number of shares of Common Stock with respect to which such Tandem SARs are exercised. Upon the exercise or termination of the Related Option, the Tandem SARs with respect thereto shall be canceled automatically to the extent of the number of shares of Common Stock with respect to which the Related Option was so exercised or terminated. Subject to the limitations of the Plan, upon the exercise of a Tandem SAR, the Participant shall be entitled to receive from the Corporation, for each share of Common Stock with respect to which the Tandem SAR is being exercised, consideration equal in value to the excess of the Fair Market Value of a share of Common Stock on the date of exercise over the Related Option price per share; provided, that the Committee may, in any agreement granting Tandem SARs, establish a maximum value payable for such SARs.

(c) Freestanding SARs: Unless an individual agreement provides otherwise, the base price of a Freestanding SAR shall be not less than 100% of the Fair Market Value of the Common Stock (as determined in accordance with Section 6(b)(ii) herein) on the date of grant of the Freestanding SAR. Subject to the limitations of the Plan, upon the exercise of a Freestanding SAR, the Participant shall be entitled to receive from the Corporation, for each share of Common Stock with respect to which the Freestanding SAR is being exercised, consideration equal in value to the excess of the Fair Market Value of a share of Common Stock on the date of exercise over the base price per share of such Freestanding SAR; provided, that the Committee may, in any agreement granting Freestanding SARs, establish a maximum value payable for such SARs.

(d) Exercise of SARs:

(i) Subject to the terms of the Plan, SARs shall be exercisable in whole or in part upon such terms and conditions as are provided in the agreement relating to the grant of the SAR. The period during which an SAR may be exercisable shall not exceed ten years from the date of grant or, in the case of Tandem SARs, such shorter option period as may apply to

the Related Option. Any SAR or portion thereof not exercised before expiration of the period stated in the agreement relating to the grant of the SAR shall terminate.

(ii) SARs may be exercised by giving written notice to the Corporation at such place as the Committee shall direct. The date of exercise of the SAR shall mean the date on which the Corporation shall have received notice from the Participant of the exercise of such SAR.

(iii) No SAR may be exercised unless the Participant is, at the time of exercise, an eligible Participant, as described in Section 5, and has been a Participant continuously since the date the SAR was granted, subject to the provisions of Sections 6(c)(iii) and (iv) herein.

(e) Consideration; Election: The consideration to be received upon the exercise of the SAR by the Participant shall be paid in cash, shares of Common Stock (valued at Fair Market Value on the date of exercise of such SAR in accordance with Section 6(b)(ii) herein) or a combination of cash and shares of Common Stock, as elected by the Participant, subject to the terms of the Plan

and the applicable agreement. The Corporation's obligation arising upon the exercise of the SAR may be paid currently or on a deferred basis with such interest or earnings equivalent as the Committee may determine. A certificate or certificates for shares of Common Stock acquired upon exercise of an SAR for shares shall be issued in the name of the Participant (or his beneficiary) and distributed to the Participant (or his beneficiary) as soon as practicable following receipt of notice of exercise. No fractional shares of Common Stock will be issuable upon exercise of the SAR and, unless otherwise provided in the applicable agreement, the Participant will receive cash in lieu of fractional shares.

(f) Limitations: The applicable SAR agreement shall contain such terms, conditions and limitations consistent with the Plan as may be specified by the Committee. Unless otherwise so provided in the applicable agreement or the Plan, any such terms, conditions or limitations relating to a Tandem SAR shall not restrict the exercisability of the Related Option.

(g) Nontransferability:

(i) SARs shall not be transferable other than by will or the laws of intestate succession (except to the extent, if any, that a Related Option is a Nonqualified Option and is transferable pursuant to Section 6(d) herein). The designation of a beneficiary does not constitute a transfer. SARs may be exercised during the Participant's lifetime only by him or by his guardian or legal representative.

(ii) If the Participant is subject to Section 16 of the Exchange Act, shares of Common Stock acquired upon exercise of an SAR may not, without the consent of the Committee, be disposed of by the Participant until the expiration of six months after the date the SAR was granted.

8. Grant and Earning of Restricted Awards

(a) Grant and Earning of Restricted Awards: Subject to the limitations of the Plan, the Committee may in its sole and absolute discretion grant Restricted Awards to such individuals in such numbers, upon such terms and at such times as the Committee shall determine. A Restricted Award may consist of a Restricted Stock Award or a Restricted Unit, or both. Restricted Awards

shall be payable in cash or whole shares of Common Stock (including Restricted Stock), or partly in cash and partly in whole shares of Common Stock, in accordance with the terms of the Plan and the sole and absolute discretion of the Committee. The Committee shall determine the conditions which must be met in order for a Restricted Award to be granted or to vest or be earned (in whole or in part), which conditions may include, but are not limited to, the continued service of the Participant for a certain period of time, attainment of such performance objectives as the Committee may determine, a combination of continued service and performance objectives, retirement, displacement, disability, death or a combination of such conditions. The Committee shall determine the nature, length and starting date of the period, if any, during which the Restricted Award may be earned (the "Restriction Period") for each Restricted Award, which shall be as stated in the agreement to which the Award relates. In the case of Restricted Awards based upon performance criteria, or a combination of performance criteria and continued service, the Committee shall determine the performance objectives to be used in valuing Restricted Awards and determine the extent to which such Awards have been earned. Performance objectives may vary from participant to participant and between groups of participants and shall be based upon such Corporation, business unit and/or individual performance factors and criteria as the Committee in its sole discretion may deem appropriate, including, but not limited to, sales targets, earnings per share, return on equity, return on assets, total revenue, total return to stockholders, or any combination of the foregoing. The Committee shall determine the terms and conditions of each Restricted Award, including the form and terms of payment of Awards. The Committee shall have sole authority to determine whether and to what degree Restricted Awards have been earned and are payable and to interpret the terms and conditions of Restricted Awards and the provisions herein. The Committee, in its sole and absolute discretion, may accelerate the date that any Restricted Award granted to a Participant shall be deemed to be earned in whole or in part, without any obligation to accelerate such date with respect to other Restricted Awards.

(b) Forfeiture of Restricted Awards: Unless an individual agreement provides otherwise, if the employment or service of a Participant shall be terminated for any reason and the Participant has not earned all or part of a Restricted Award pursuant to the terms herein, such Award to the extent not then earned shall be forfeited immediately upon such termination and the Participant shall have no further rights with respect thereto.

(c) Dividend and Voting Rights; Share Certificates: Unless an individual agreement provides otherwise, (i) a Participant shall have no dividend rights or voting rights or other rights as a stockholder with respect to shares reserved in his name pursuant to a Restricted Award payable in shares but not yet earned, and (ii) a certificate or certificates for shares of Common Stock representing a Restricted Award payable in shares shall be issued in the name of the Participant and distributed to the Participant (or his beneficiary) as soon as practicable following the date that the shares subject to the Award are earned. No certificate shall be issued hereunder in the name of the Participant (or his beneficiary) except to the extent the shares represented thereby have been earned.

(d) Nontransferability:

(i) The recipient of a Restricted Award shall not sell, transfer, assign, pledge or otherwise encumber shares subject to the Award until the Restriction Period has expired or until all conditions to vesting have been met.

(ii) Restricted Awards shall not be transferable other than by will or the laws of intestate succession. The designation of a beneficiary does not constitute a transfer.

(iii) If a Participant of a Restricted Award is subject to Section 16 of the Exchange Act, shares of Common Stock subject to such Award may not, without the consent of the Committee, be sold or otherwise disposed of within six months following the date of grant of such Award.

9. Withholding

The Corporation shall withhold all required local, state and federal taxes from any amount payable in cash with respect to an Award. The Corporation shall require any recipient of an Award payable in shares of the Common Stock to pay to the Corporation in cash the amount of any tax or other amount required by any governmental authority to be withheld and paid over by the Corporation to such authority for the account of such recipient. Notwithstanding the foregoing, the recipient may satisfy such obligation in whole or in part, and any other local, state or federal income tax obligations relating to such an Award, by electing (the "Election") to have the Corporation withhold shares of Common Stock from the shares to which the recipient is entitled. The number of shares to be withheld shall have a Fair Market Value as of the date that the amount of tax to be withheld is determined (the "Tax Date") as nearly equal as possible to (but not exceeding) the amount of such obligations being satisfied. Each Election must be made in writing to the Committee in accordance with election procedures established by the Committee.

10. Performance-Based Compensation

To the extent that Section 162(m) of the Code is applicable, the Committee shall have discretion to determine the extent, if any, that Awards conferred under the Plan to Covered Employees, as such term is defined in Section 19(b) herein, shall comply with the qualified performance-based compensation exception to employer compensation deductions set forth in Section 162(m) of the Code.

11. Section 16(b) Compliance

It is the general intent of the Corporation that transactions under the Plan which are subject to Section 16 of the Exchange Act shall comply with Rule 16b-3 under the Exchange Act. Notwithstanding anything in the Plan to the contrary, the Committee, in its sole and absolute discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan to participants who are officers or directors subject to Section 16 of the Exchange Act without so restricting, limiting or conditioning the Plan with respect to other participants.

12. No Right or Obligation of Continued Employment or Service

Nothing contained in the Plan shall require the Corporation or a related corporation to continue the employment or service of a Participant, nor shall any such individual be required to remain in the employment or service of the Corporation or a related corporation. Except as otherwise provided in the Plan, (i) all rights of a Participant with respect to an Award shall terminate upon the termination of the Participant's employment or service; and (ii) Awards granted under the Plan to employees of the Corporation or a related corporation shall not be affected by any change in the

duties or position of the participant, as long as such individual remains an employee of, or in service to, the Corporation or a related corporation.

13. Unfunded Plan; Retirement Plans

(a) Neither a Participant nor any other person shall, by reason of the Plan, acquire any right in or title to any assets, funds or property of the Corporation or any related corporation including, without limitation, any specific funds, assets or other property which the Corporation or any related corporation, in their discretion, may set aside in anticipation of a liability under the Plan. A participant shall have only a contractual right to the Common Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Corporation or any related corporation. Nothing contained in the Plan shall constitute a guarantee that the assets of such corporations shall be sufficient to pay any benefits to any person.

(b) In no event shall any amounts accrued, distributable or payable under the Plan be treated as compensation for the purpose of determining the amount of contributions or benefits to which any person shall be entitled under any retirement plan sponsored by the Corporation or a related corporation that is intended to be a qualified plan within the meaning of Section 401(a) of the Code.

14. Amendment and Termination of the Plan

The Plan and any Award may be amended or terminated at any time by the Board of Directors of the Corporation; provided, that (i) amendment or termination of an Award shall not, without the consent of the recipient of an Award, adversely affect the rights of the recipient with respect to an outstanding Award; and (ii) approval of an amendment to the Plan by the stockholders of the Corporation shall only be required in the event such stockholder approval of any such amendment is required by applicable law, rule or regulation.

15. Restrictions on Awards and Shares

The Corporation may impose such restrictions on any Awards and shares representing Awards hereunder as it may deem advisable, including without limitation restrictions under the Securities Act, under the requirements of any stock exchange or similar organization and under any blue sky or state securities laws applicable to such shares. Notwithstanding any other Plan provision to the contrary, the Corporation shall not be obligated to issue or deliver shares of Common Stock under the Plan or make any other distribution of benefits under the Plan, or take any other action, unless such delivery, distribution or action is in compliance with all applicable laws, rules and regulations (including but not limited to the requirements of the Securities Act). The Corporation may cause a restrictive legend to be placed on any certificate issued pursuant to an Award hereunder in such form as may be prescribed from time to time by applicable laws and regulations or as may be advised by legal counsel.

16. Applicable Law

The Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflict of laws provisions of any state.

17. Stockholder Approval

The Plan is subject to approval by the stockholders of the Corporation, which approval must occur, if at all, within 12 months of the effective date of the Plan. Awards granted prior to such stockholder approval shall be conditioned upon and shall be effective only upon approval of the Plan by such stockholders on or before such date.

18. Change of Control

(a) With respect to Awards granted on and after the Effective Date of the Plan and before October 28, 1999, notwithstanding any other provision of the Plan to the contrary, in the event of a Change of Control (as defined in Section 18(c) herein):

(i) All Options and SARs outstanding as of the date of such Change of Control shall become fully exercisable, whether or not then otherwise exercisable.

(ii) Any restrictions including but not limited to the Restriction Period applicable to any Restricted Award shall be deemed to have expired, and such Restricted Awards shall become fully vested and payable to the fullest extent of the original grant of the applicable Award.

(iii) Notwithstanding the foregoing, in the event of a merger, share exchange, reorganization or other business combination affecting the Corporation or a related corporation, the Committee may, in its sole and absolute discretion, determine that any or all Awards granted pursuant to the Plan shall not vest or become exercisable on an accelerated basis, if the Corporation or the board of directors of the surviving or acquiring corporation, as the case may be, shall have taken such action, including but not limited to the assumption of Awards granted under the Plan or the grant of substitute awards (in either case, with substantially similar terms as Awards granted under the Plan), as in the opinion of the Committee is equitable or appropriate to protect the rights and interests of participants under the Plan. For the purposes herein, the Committee authorized to make the determinations provided for in this Section 18(a)(iii) shall be appointed by the Board of Directors, two-thirds of the members of which shall have been directors of the Corporation prior to the merger, share exchange, reorganization or other business combinations affecting the Corporation or a related corporation.

(b) Notwithstanding anything to the contrary herein, with respect to Awards granted on or after October 28, 1999, the following provisions shall apply in lieu of the provisions of Section 18(a) (unless an individual agreement provides otherwise):

(i) Any Options and SARs outstanding as of the date of such Change of Control which are not otherwise exercisable on that date shall immediately become exercisable with respect to 50% of that portion of such outstanding Award which was not otherwise exercisable as of such date; and

(ii) Any Restricted Awards outstanding as of the date of such Change of Control which had not otherwise vested shall be deemed to be vested and payable with respect to 50% of that portion of such outstanding Award which was not otherwise vested on such date.

(iii) Notwithstanding the foregoing, in the event of a Change of Control, the Committee may, in its sole and absolute discretion, determine that any or all Awards granted pursuant to the Plan shall not vest or become exercisable on an accelerated basis, if the Board of Directors of the Corporation or the surviving or acquiring corporation, as the case may be, shall have taken such action, including, but not limited to, the assumption or continuation of Awards granted under the Plan or the grant of substitute awards (in either case, with substantially similar terms as Awards granted under the Plan), as in the opinion of the Committee is equitable or appropriate to protect the rights and interests of participants under the Plan. For the purposes herein, the Committee authorized to make the determinations provided for in this Section 18(b)(iii) shall be appointed by the Board of Directors, two-thirds of the members of which shall have been directors of the Corporation prior to the

merger, share exchange, reorganization or other business combinations affecting the Corporation or a related corporation.

(c) For the purposes herein, a "Change of Control" shall be deemed to have occurred on the earliest of the following dates:

(i) The date any entity or person shall have become the beneficial owner of, or shall have obtained voting control over, (A) fifty-one percent (51%) or more of the outstanding Common Stock of the Corporation if the Corporation's stock is not then registered with the SEC and publicly traded or (B) forty percent (40%) or more of the outstanding Common Stock of the Corporation if the Corporation has consummated its initial public offering;

(ii) The date the stockholders of the Corporation approve a definitive agreement (A) to merge or consolidate the Corporation with or into another corporation or other business entity (each, a "corporation"), in which the Corporation is not the continuing or surviving corporation or pursuant to which any shares of Common Stock of the Corporation would be converted into cash, securities or other property of another corporation, other than (x) a merger or consolidation of the Corporation in which holders of Common Stock immediately prior to the merger or consolidation have the same proportionate ownership of Common Stock of the surviving corporation immediately after the merger as immediately before and (y) with respect to Awards granted on or after October 28, 1999, any merger or consolidation of the Corporation in which holders of Common Stock immediately prior to the merger or consolidation continue to own at least a majority of the combined voting securities of the Corporation (or the surviving entity) outstanding immediately after such merger or consolidation, or (B) to sell or otherwise dispose of all or substantially all the assets of the Corporation; or

(iii) The date there shall have been a change in a majority of the Board of Directors of the Corporation within a 12-month period unless the nomination for election by the Corporation's stockholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 12-month period.

(For purposes herein, the term "person" shall mean any individual, corporation, partnership, group, association or other person, as such term is defined in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, other than the Corporation, a subsidiary of the Corporation or

any employee benefit plan(s) sponsored or maintained by the Corporation or any subsidiary thereof, and the term "beneficial owner" shall have the meaning given the term in Rule 13d-3 under the Exchange Act.)

19. Certain Definitions

For purposes of the Plan, the following terms shall have the meaning indicated:

(a) "Agreement" means any written agreement or agreements between the Corporation and the recipient of an Award pursuant to the Plan relating to the terms, conditions and restrictions of Options, SARs, Restricted Awards and any other Awards conferred herein.

(b) "Covered Employee" shall have the meaning given the term in Section 162(m) of the Code or the regulations thereunder.

(c) "Disability" shall mean the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than twelve months.

(d) "Parent" or "parent corporation" shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation if each corporation other than the Corporation owns stock possessing 50% or more of the total combined voting power of all classes of stock in another corporation in the chain.

(e) "Predecessor" or "predecessor corporation" means a corporation which

was a party to a transaction described in Section 424(a) of the Code (or which would be so described if a substitution or assumption under that Section had occurred) with the Corporation, or a corporation which is a parent or subsidiary of the Corporation, or a predecessor of any such corporation.

(f) "Related corporation" means any parent, subsidiary or predecessor of the Corporation.

(g) "Restricted Stock" shall mean shares of Common Stock which are subject to Restricted Awards payable in shares, the vesting of which is subject to restrictions set forth in the Plan or the agreement relating to such Award.

(h) "Subsidiary" or "subsidiary corporation" means any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation if each corporation 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 another corporation in the chain.

IN WITNESS WHEREOF, this Stock Incentive Plan of Clarus Corporation, as amended and restated, has been executed in behalf of the Corporation effective as of the 13/th/ day of June, 2000.

CLARUS CORPORATION

By: /s/ Stephen P. Jeffery

Stephen P. Jeffery, Chairman,
Chief Executive Officer and President

Attest:

/s/ Mark D. Gagne
- ---
Mark D. Gagne, Secretary

[Corporate Seal]

EXHIBIT 10.3

EMPLOYEE STOCK PURCHASE PLAN

OF

CLARUS CORPORATION

CLARUS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN

1. Purpose

The purpose of the Clarus Corporation Employee Stock Purchase Plan (the "Plan") is to give eligible employees of Clarus Corporation, a Delaware corporation (the "Corporation"), and its designated Subsidiaries an opportunity to acquire shares of the common stock of the Corporation (the "Common Stock") and to continue to promote the Corporation's best interests and enhance its long-term performance. This purpose will be carried through the granting of options ("options") to purchase shares of the Corporation's Common Stock through payroll deductions or other means permitted under the Plan. The Plan is intended to comply with the requirements of Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to employee stock purchase plans. The provisions of the Plan shall be construed so as to comply with the requirements of Section 423 of the Code.

2. Certain Definitions

In addition to terms defined elsewhere in the Plan, the following words and phrases shall have the meanings given below unless a different meaning is required by the context:

(a) "Board" means the Board of Directors of the Corporation.

(b) "Code" means the Internal Revenue Code of 1986, as amended.

(c) "Committee" means the Compensation Committee of the Board.

(d) "Common Stock" means shares of the common stock of the Corporation.

(e) "Corporation" means Clarus Corporation, a Delaware corporation.

(f) "Eligible Employee" means any employee of the Corporation or a designated Subsidiary except for (i) any employee whose customary employment is less than 20 hours per week or (ii) any employee whose customary employment is for not more than five months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Corporation; provided that, where the period of leave exceeds 90 days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave.

(g) "Fair Market Value" of the Common Stock on a given date (the "valuation date") shall be determined in good faith by the Committee in accordance with the following provisions:

(i) if the shares of Common Stock are listed for trading on the New York Stock Exchange or the American Stock Exchange, the Fair Market Value shall be the closing sales price of the shares on the New York Stock Exchange or the American Stock Exchange (as applicable) on the date immediately preceding the valuation date, or, if there is no transaction on such date, then on the trading date nearest preceding the valuation date for which closing price information is available, and, provided further, if the shares are quoted on the Nasdaq National Market or the Nasdaq SmallCap Market of the Nasdaq Stock Market but

are not listed for trading on the New York Stock Exchange or the American Stock Exchange, the 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 on the date immediately preceding the valuation date for which such information is available; or

(ii) if the shares of Common Stock are not listed or reported in any of the foregoing, then Fair Market Value shall be determined by the Committee in any other manner consistent with the Code and accompanying regulations.

Notwithstanding any provision of the Plan to the contrary, no determination made with respect to the Fair Market Value of Common Stock subject to an option shall be inconsistent with Section 423 of the Code or regulations thereunder.

(h) "Offer Date" means the date of grant of an option pursuant to the Plan. The Offer Date shall be the first date of each Purchase Period.

(i) "Option" means an option granted hereunder which will entitle a participant to purchase shares of Common Stock in accordance with the terms of the Plan.

(j) "Option Price" means the price per share of Common Stock subject to an option, as determined in accordance with Section 8(b).

(k) "Participant" means an Eligible Employee who is a participant in the Plan.

(l) "Plan" means the Clarus Corporation Employee Stock Purchase Plan, as it may be hereafter amended.

(m) "Purchase Date" means the date of exercise of an option granted under the Plan. The Purchase Date shall be the last day of each Purchase Period.

(n) "Purchase Period" means each six-month period during which an offering to purchase Common Stock is made to Eligible Employees pursuant to the Plan. There shall be two Purchase Periods in each fiscal year of the Corporation, with the first Purchase Period in a fiscal year commencing on or about January 1 and ending on June 30, and the second Purchase Period in a fiscal year commencing on or about July 1 and ending on December 31 of that year. Notwithstanding the foregoing, however, the first Purchase Period after the effective date of the Plan shall begin on or as soon as practicable following July 1, 2000 and end on December 31, 2000 and, accordingly, may

extend for a period of less than six months. The Committee shall have the power to change the duration of Purchase Periods (including the commencement date thereof) with respect to future offerings without shareholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Purchase Period to be affected thereafter.

(o) "Subsidiary" means any present or future corporation which (i) would be a "subsidiary corporation" of the Corporation as that term is defined in Section 424 of the Code and (ii) is at any time designated as a corporation whose employees may participate in the Plan.

3. Effective Date

The Effective Date of the Plan shall be June 13, 2000. The Plan shall have a term of 10 years unless sooner terminated in accordance with Section 16 herein.

4. Administration

(a) The Plan shall be administered by the Board or, upon its delegation, by the Committee. References to the "Committee" shall include

the Committee, the Board if it is acting in its administrative capacity with respect to the Plan, and any delegates appointed by the Committee pursuant to Section 4(b) herein.

(b) Any action of the Committee may be taken by a written instrument signed by all of the members of the Committee and any action so taken by written consent shall be as fully effective as if it had been taken by a majority of the members at a meeting duly held and called. Subject to the provisions of the Plan, the Committee shall have full and final authority, in its discretion, to take any action with respect to the Plan, including, without limitation, the following: (i) to establish, amend and rescind rules and regulations for the administration of the Plan; (ii) to prescribe the form(s) of any agreements or other written instruments used in connection with the Plan; (iii) to determine the terms and provisions of the options granted hereunder; and (iv) to construe and interpret the Plan, the options, the rules and regulations, and the agreements or other written instruments, and to make all other determinations necessary or advisable for the administration of the Plan. The determinations of the Committee on all matters regarding the Plan shall be conclusive. Except to the extent prohibited by the Plan or applicable law or rule, the Committee may appoint one or more agents to assist in the administration of the Plan and may delegate all or any part of its responsibilities and powers to any such person or persons appointed by it. No member of the Board or Committee, as applicable, shall be liable while acting as administrator for any action or determination made in good faith with respect to the Plan or any option granted thereunder.

5. Shares Subject to Plan

The aggregate number of shares of Common Stock which may be purchased under the Plan shall not exceed 750,000 shares, subject to adjustment pursuant to Section 13(a) herein. Shares of Common Stock distributed pursuant to the Plan shall be authorized but unissued shares, treasury shares or shares purchased on the open market or by private purchase.

The Corporation hereby reserves sufficient authorized shares of Common Stock to provide for the exercise of options granted hereunder. In the event that any option granted under the Plan expires unexercised or is terminated, surrendered or canceled without being exercised, in whole or in part, for any reason, the number of shares of Common Stock subject to such option shall again be available for grant as an option and shall not reduce the aggregate number of shares of Common Stock available for the grant of options as set forth herein. If, on a given Purchase Date, the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Corporation shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

6. Eligibility

(a) Initial Eligibility. Any Eligible Employee who shall have completed 90 days' employment and shall be employed by the Corporation or a designated Subsidiary on any given Offer Date for a Purchase Period shall be eligible to be a Participant during such Purchase Period.

(b) Certain Limitations. Any provisions of the Plan to the contrary notwithstanding:

(i) No Eligible Employee shall be granted an option under the Plan to the extent that, immediately after the option was granted, the individual would own stock or hold outstanding options to purchase stock (or both) possessing 5% or more of the total combined voting power or value of all classes of stock of the Corporation or of any parent or subsidiary of the Corporation. For purposes of this Section 6(b)(i), stock ownership of an individual shall be determined under the rules of Section 424(d) of the Code, and stock which the employee may purchase under outstanding options shall be treated as stock owned

by the employee.

(ii) No Eligible Employee shall be granted an option under the Plan to the extent that his rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Corporation and any parent or subsidiary of the Corporation would accrue at a rate which exceeds $25,000 of fair market value of such stock (determined at the time of the grant of such option) for each calendar year in which such option is outstanding at any time. Any option granted under the Plan shall be deemed to be modified to the extent necessary to satisfy this Section 6(b)(ii).

7. Participation; Payroll Deductions

(a) Commencement of Participation. An Eligible Employee shall become a Participant by completing a subscription agreement authorizing payroll deductions on the form provided by the Corporation and filing it with the Corporation or its designee at least five business days prior to the Offer Date for the applicable Purchase Period. Following the filing of a valid subscription agreement, payroll deductions for a

Participant shall commence on the first payroll period which occurs on or after the Offer Date for the applicable Purchase Period and shall continue for successive Purchase Periods during which the Participant is eligible to participate in the Plan, unless withdrawn or terminated as provided in Section 10 or Section 11 herein.

(b) Amount of Payroll Deduction; Determination of Compensation. At the time a Participant files his subscription agreement authorizing payroll deductions, he shall elect to have payroll deductions made on each payday that he is a Participant during a Purchase Period at a rate of not less than 1% nor more than 15% (or such other percentage as the Committee may establish from time to time before an Offer Date) of his compensation. For the purposes herein, a Participant's "compensation" during any Purchase Period means his regular base pay (all base straight time gross earnings and commissions, exclusive of payments for overtime, shift premiums, incentive compensation, incentive payments, bonuses and other similar compensation) determined as of each pay day or as of such other date or dates as may be determined by the Committee; provided, however, that the method of determining compensation shall be applied uniformly and consistently to all Participants. In the case of an hourly employee, the Participant's compensation (as defined above) during a pay period shall be determined by multiplying such employee's regular hourly rate of pay in effect on the date of such payroll deduction by the number of regularly scheduled hours actually worked by such employee (excluding overtime) during such period. Such compensation rates shall be determined by the Committee in a nondiscriminatory manner consistent with the provisions of Section 423 of the Code and the regulations thereunder.

(c) Participant's Account; No Interest. All payroll deductions made for a Participant shall be credited to his account under the Plan and shall be withheld in whole percentages only. In no event shall interest accrue on any payroll deductions made by a Participant.

(d) Changes in Payroll Deductions. A Participant may discontinue his participation in the Plan as provided in Section 10 or Section 11, but no other change may be made during a Purchase Period and, specifically, a Participant may not otherwise increase or decrease the amount of his payroll deductions for that Purchase Period.

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 6(b) herein, a Participant's payroll deductions may be decreased to zero percent (0%) at any time during a Purchase Period. Payroll deductions shall recommence at the rate provided in such Participant's subscription agreement at the beginning of the first Purchase Period which is scheduled to end in the following

calendar year, unless terminated by the Participant pursuant to Section 10 or Section 11 herein.

(f) Participation During Leave of Absence. If a Participant goes on a leave of absence, such Participant shall have the right to elect (i) to withdraw the balance in his account pursuant to Section 10 or (ii) to discontinue contributions to the Plan but remain a Participant in the Plan.

(g) Other Methods of Participation. The Committee may, in its discretion, establish additional procedures whereby Eligible Employees may participate in the Plan by means other than payroll deduction, including, but not limited to, delivery of funds by Participants in a lump sum or automatic charges to Participants' bank accounts. Such other methods of participation shall be subject to such rules and conditions as the Committee may establish, subject to the provisions of Section 423 of the Code and related regulations. The Committee may at any time amend, suspend or terminate any participation procedures established pursuant to this Section 7(g) without prior notice to any Participant or Eligible Employee.

8. Grant of Options

(a) Number of Option Shares. On the Offer Date of each Purchase Period, a Participant shall be granted an option to purchase on the Purchase Date of such Purchase Period, at the applicable option price, such number of shares of Common Stock as is determined by dividing the amount of the Participant's payroll deductions accumulated on the Purchase Date and retained in the Participant's account as of the Purchase Date by the applicable option price (as determined in accordance with Section 8(b) herein); provided, however, that no Participant may purchase, during a single Purchase Period, shares of Common Stock with an aggregate Fair Market Value (based on the Option Price) in excess of $12,500 or in excess of the limitations set forth in Section 6(b) herein, and the number of shares subject to an option shall be adjusted as necessary to conform to such limitations. Exercise of the option shall occur as provided in Section 9 herein, unless the Participant has withdrawn pursuant to Section 10 herein or terminated employment pursuant to Section 11 herein.

(b) Option Price. The option price per share of Common Stock purchased with payroll deductions made during such a Purchase Period for a Participant shall be the lesser of:

(i) 85% of the Fair Market Value per share of the Common Stock on the Offer Date for the Purchase Period; or

(ii) 85% of the Fair Market Value per share of the Common Stock on the Purchase Date for the Purchase Period.

9. Exercise of Options

(a) Automatic Exercise. Unless a Participant gives written notice of withdrawal to the Corporation as provided in Section 10 or terminates employment as provided in Section 11, his option for the purchase of Common Stock shall be exercised automatically on the Purchase Date applicable to such Purchase Period, and the maximum number of whole shares of Common Stock subject to the option shall be purchased for the Participant at the applicable option price with the accumulated payroll deductions in his account at that time (subject to the limitations set forth in Section 6(b) and Section 8(a) herein).

(b) Termination of Option. An option granted during any Purchase Period shall expire at the end of the last day of the Purchase Period,

except as otherwise provided in Sections 10 and 11.

(c) Fractional Shares. Fractional shares will not be issued under the Plan. Any excess payroll deductions in a Participant's account which are not sufficient to purchase a whole share will be automatically re-invested in a subsequent Purchase Period unless the Participant withdraws his payroll deductions pursuant to Section 10 herein or terminates employment pursuant to Section 11 herein.

(d) Delivery of Stock. The shares of Common Stock purchased by each Participant shall be credited to such Participant's account maintained by the Corporation, a stock brokerage or other financial services firm designated by the Corporation (the "Designated Broker") or other designee of the Corporation on, or as soon as practicable following the Purchase Date for a Purchase Period. A Participant will be issued a certificate for his shares when his participation in the Plan is terminated, the Plan is terminated, or upon request. After the close of each Purchase Period, a report will be sent to each Participant stating the entries made to such Participant's account, the number of shares of Common Stock purchased and the applicable option price.

(e) Rights as a Shareholder. No Participant or other person shall have any rights as a shareholder unless and until certificates for shares of Common Stock have been issued to him or credited to his account.

10. Withdrawal.

A Participant may withdraw all but not less than all payroll deductions and shares credited to his account during a Purchase Period at any time prior to the applicable Purchase Date by giving written notice to the Corporation in form acceptable to the Corporation. In the event of such withdrawal, (i) all of the Participant's payroll deductions credited to his account will be paid to him promptly (without interest) after receipt of his notice of withdrawal, (ii) certificates for shares held in the Participant's account shall be distributed to him, (iii) such Participant's option for the Purchase Period shall be automatically terminated, and (iv) no further payroll deductions will be made during such Purchase Period. The Corporation may, at its option, treat any attempt to borrow by an employee on the security of his accumulated payroll deductions as an election to withdraw. A Participant's withdrawal from any Purchase Period will not have any effect upon his eligibility to participate in any succeeding Purchase Period or in any similar plan, which may hereafter be adopted by the Corporation. Notwithstanding the foregoing, however, if a Participant withdraws during a Purchase Period, payroll deductions shall not resume at the beginning of a succeeding Purchase Period unless the Participant delivers to the Corporation a new subscription agreement and otherwise complies with the terms of the Plan.

11. Termination of Employment.

Upon termination of a Participant's employment for any reason (including death), or in the event that a Participant ceases to be an Eligible Employee, he shall be deemed to have withdrawn from the Plan. In such event, all payroll deductions credited to his account during the

Purchase Period (without interest) but not yet used to exercise an option and a certificate(s) for shares if shares are held in Participant's account rather than distributed shall be delivered to him, or, in the case of his death, to such person or persons entitled to receive such benefits pursuant to Section 17 herein. Any unexercised options granted to a Participant during such Purchase Period shall be deemed to have expired on the date of the Participant's termination of employment (unless terminated earlier pursuant to Sections 9(b) or 10 herein), and no further payroll deductions will be made for the individual's account.

12. Transferability

No option (or right attendant to an option) granted pursuant to the Plan shall be transferable (including by assignment, pledge or hypothecation), except as provided by will or the applicable laws of intestate succession. No option shall be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of an option, or levy of attachment or similar process upon the option not specifically permitted herein, shall be null and void and without effect, except that the Corporation may treat such act as an election to withdraw funds during a Purchase Period in accordance with Section 10 hereof. During a Participant's lifetime, his option(s) may be exercised only by him.

13. Dilution and Other Adjustments

(a) General. If there is any change in the outstanding shares of Common Stock of the Corporation as a result of a merger, consolidation, reorganization, stock dividend, stock split distributable in shares, reverse stock split, or other change in the capital stock structure of the Corporation, the number of shares of Common Stock reserved for issuance under the Plan shall be correspondingly adjusted, and the Committee shall make such adjustments to options (including but not limited to the option price and the number of shares of Common Stock covered by each unexercised option), and to any provisions of this Plan as the Committee deems equitable to prevent dilution or enlargement of options or otherwise advisable to reflect such change.

(b) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Corporation, or the merger of the Corporation with or into another corporation, each outstanding option shall be assumed or an equivalent option substituted (in either case under terms substantially similar to the terms of the Plan) by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation fails to agree to assume or substitute the option, the Purchase Period then in progress shall be shortened by setting a new Purchase Date (the "New Purchase Date") and the Purchase Period then in progress shall end on the New Purchase Date. The New Purchase Date shall be before the date of the Corporation's proposed sale or merger. The Corporation shall notify each Participant in writing, at least ten (10) business days prior to the New Purchase Date, that the Purchase Date for the Participant's option has been changed to the New Purchase Date and that the Participant's option shall be exercised automatically on the New Purchase Date, unless prior to such date the Participant has withdrawn from the Purchase Period as provided in Section 10 or terminated employment as provided in Section 11.

14. Shareholder Approval of Adoption of Plan

The Plan is subject to the approval of the Plan by the stockholders of the Corporation within 12 months of the date of adoption of the Plan by the Board. The Plan shall be null and void and of no effect if the foregoing condition is not fulfilled.

15. Limitations on Options

Notwithstanding any other provisions of the Plan:

(a) The Corporation intends that options granted and Common Stock issued under the Plan shall be treated for all purposes as granted and issued under an employee stock purchase plan within the meaning of Section 423 of the Code and regulations issued thereunder. Any provisions required to be included in the Plan under Section 423 and regulations issued thereunder are hereby included as fully as though set forth in the Plan.

(b) All employees shall have the same rights and privileges under the Plan, except that the amount of Common Stock which may be purchased by any employee pursuant to payroll deductions under the Plan shall bear a uniform

relationship to the compensation of employees. All rules and determinations of the Committee in the administration of the Plan shall be uniformly and consistently applied to all persons in similar circumstances.

16. Amendment and Termination of the Plan

The Board may at any time and from time to time modify, amend, suspend or terminate the Plan or any option granted hereunder, provided that (i) shareholder approval shall be required of any amendment to the Plan to the extent required under Section 423 of the Code or other applicable law, rule or regulation; and (ii) no amendment to an option may materially and adversely affect any option outstanding at the time of the amendment without the consent of the holder thereof, except to the extent otherwise provided in the Plan. Upon termination of the Plan, certificate(s) for the full number of whole shares of Common Stock held for each Participant's benefit, the cash equivalent of any fractional shares held for each Participant and the cash, if any, credited to such Participant's account shall be distributed promptly to such Participant.

17. Designation of Beneficiary

The Committee, in its sole discretion, may authorize Participants to designate a person or persons as each such Participant's beneficiary, which beneficiary shall be entitled to the rights of the Participant in the event of the Participant's death to which the Participant would otherwise be entitled. The Committee shall have sole discretion to approve the form or forms of such beneficiary designations, to determine whether such beneficiary designations will be accepted, and to interpret such beneficiary designations. If a deceased Participant fails to designate a beneficiary, or if the designated beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant.

18. Other Restrictions on Options and Shares

The Corporation may impose such restrictions on any options and shares of Common Stock acquired upon exercise of options as it may deem advisable, including without limitation restrictions under the federal securities laws, the requirements of any stock exchange or similar organization and any blue sky or state securities laws applicable to such shares. Notwithstanding any other Plan provision to the contrary, the Corporation shall not be obligated to issue, deliver or transfer shares of Common Stock under the Plan or make any other distribution of benefits under the Plan, or take any other action, unless such delivery, distribution or action is in compliance with all applicable laws, rules and regulations (including but not limited to the requirements of the Securities Act of 1933, as amended). The Corporation may cause a restrictive legend to be placed on any certificate issued pursuant to an award hereunder in such form as may be prescribed from time to time by applicable laws and regulations or as may be advised by legal counsel.

19. Unfunded Plan; Retirement Plan

(a) Neither a Participant nor any other person shall, by reason of the Plan, acquire any right in or title to any assets, funds or property of the Corporation or any related corporation, including, without limitation, any specific funds, assets or other property which the Corporation or any related corporation, in their discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Common Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Corporation or any related corporation. Nothing contained in the Plan shall constitute a guarantee that the assets of such corporations shall be sufficient to pay any benefits to any person.

(b) In no event shall any amounts accrued, distributable or payable under the Plan be treated as compensation for the purpose of determining the amount of contributions or benefits to which any person shall be entitled under any retirement plan sponsored by the Corporation or a

related corporation that is intended to be a qualified plan within the meaning of Section 401(a) of the Code.

20. No Obligation To Exercise Options

The granting of an option shall impose no obligation upon a Participant to exercise such option.

21. Use of Funds

The proceeds received by the Corporation from the sale of Common Stock pursuant to options will be used for general corporate purposes, and the Corporation shall not be obligated to segregate such payroll deductions.

22. Withholding Taxes

Upon the exercise of any option under the Plan, in whole or in part, or at the time of disposition of some or all of the Common Stock acquired pursuant to exercise of an option, a

Participant must make adequate provision for the federal, state or other tax withholding obligations, if any, which arise from the exercise of the option or the disposition of the Common Stock. The Corporation shall have the right to require the Participant to remit to the Corporation, or to withhold from the Participant (or both) amounts sufficient to satisfy all federal, state and local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for shares of Common Stock.

23. No Right of Continued Employment

Nothing in the Plan or any option shall confer upon an employee the right to continue in the employment of the Corporation or any Subsidiary or affect any right, which the Corporation or any Subsidiary may have to terminate the employment of such employee. Except as otherwise provided in the Plan, all rights of a Participant with respect to options granted hereunder shall terminate upon the termination of employment of the Participant.

24. Notices

Every direction, revocation or notice authorized or required by the Plan shall be deemed delivered to the Corporation (i) on the date it is personally delivered to the Corporation at its principal executive offices or (ii) three business days after it is sent by registered or certified mail, postage prepaid, addressed to the Secretary at such offices, and shall be deemed delivered to an Eligible Employee (i) on the date it is personally delivered to him or (ii) three business days after it is sent by registered or certified mail, postage prepaid, addressed to him at the last address shown for him on the records of the Corporation or of any Subsidiary.

25. Applicable Law

To the extent not inconsistent with Section 423 of the Code and regulations thereunder, all questions pertaining to the validity, construction and administration of the Plan and options granted hereunder shall be determined in conformity with the laws of Delaware, without regard to the conflict of laws provisions of any state.

IN WITNESS WHEREOF, this Clarus Corporation Employee Stock Purchase Plan has been executed in behalf of the Corporation effective as of the 13/th/ day of June, 2000.

CLARUS CORPORATION

By: /s/ Stephen P. Jeffery

Stephen P. Jeffery, Chief Executive Officer

Attest:

/s/ Mark D. Gagne
- ----------
Mark D. Gagne, Secretary

[Corporate Seal]

EXHIBIT 10.4

GLOBAL EMPLOYEE STOCK PURCHASE PLAN

OF

CLARUS CORPORATION

GLOBAL EMPLOYEE STOCK PURCHASE PLAN
OF
CLARUS CORPORATION

1. Purpose

The purpose of the Global Employee Stock Purchase Plan of Clarus Corporation (the "Plan") is to give eligible individuals of Clarus Corporation, a Delaware corporation (the "Corporation"), and its designated Subsidiaries an opportunity to acquire shares of the common stock of the Corporation (the "Common Stock") and to continue to promote the Corporation's best interests and enhance its long-term performance. This purpose will be carried through the granting of options ("options") to purchase shares of the Corporation's Common Stock through payroll deductions or other means permitted under the Plan. The Plan is not intended to comply with the requirements of Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is principally designed to provide a means for non-U.S. resident employees and other employees whose participation in the Employee Stock Purchase Plan of Clarus Corporation (the "423 Plan") is impractical or impermissible due to the constraints of Local Law or otherwise to acquire shares of Common Stock. Accordingly, the Plan is intended to benefit the Corporation and its stockholders by making it possible for the Corporation to attract and retain qualified employees on a worldwide basis.

2. Certain Definitions

In addition to terms defined elsewhere in the Plan, the following words and phrases shall have the meanings given below unless a different meaning is required by the context:

(a) "Board" means the Board of Directors of the Corporation.

(b) "Code" means the Internal Revenue Code of 1986, as amended.

(c) "Committee" means the Compensation Committee of the Board.

(d) "Common Stock" means shares of the common stock of the Corporation.

(e) "Corporation" means Clarus Corporation, a Delaware corporation.

(f) "Eligible Individual" means any non-U.S. resident employee of the Corporation or a designated Subsidiary but shall exclude (i) any individual whose customary employment is less than 20 hours per week or (ii) any employee whose customary employment is for not more than five months in any calendar year; provided, however, that, notwithstanding the foregoing

restrictions, the term "Eligible Individual" (A) shall also be deemed to include any employee who is required under applicable Local Law to be eligible to participate; and (B) may, if the Committee so determines, also include one or more U.S. resident employees in appropriate circumstances.

(g) "Fair Market Value" of the Common Stock on a given date (the "valuation date") shall be determined in good faith by the Committee in accordance with the following provisions:

(i) if the shares of Common Stock are listed for trading on the New York Stock Exchange or the American Stock Exchange, the Fair Market Value shall be the closing sales price of the shares on the New York Stock Exchange or the American Stock Exchange (as applicable) on the date immediately preceding the valuation date, or, if there is no transaction on such date, then on the trading date nearest preceding the valuation date for which closing price information is available, and, provided further, if the shares are quoted on the Nasdaq National Market or the Nasdaq SmallCap Market of the Nasdaq Stock Market but are not listed for trading on the New York Stock Exchange or the American Stock Exchange, the 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 on the date immediately preceding the valuation date for which such information is available; or

(ii) if the shares of Common Stock are not listed or reported in any of the foregoing, then Fair Market Value shall be determined by the Committee in any other manner consistent with the Code and accompanying regulations.

(h) "Local Law" shall mean the laws, rules, regulations, procedures and ordinances of the foreign jurisdictions in which Eligible Individuals reside or which otherwise apply to an Eligible Individual.

(i) "Offer Date" means the date of grant of an option pursuant to the Plan. The Offer Date shall be the first date of each Purchase Period.

(j) "Option" means an option granted hereunder which will entitle a participant to purchase shares of Common Stock in accordance with the terms of the Plan.

(k) "Option Price" means the price per share of Common Stock subject to an option, as determined in accordance with Section 8(b).

(l) "Participant" means an Eligible Individual who is a participant in the Plan.

(m) "Plan" means the Global Employee Stock Purchase Plan of Clarus Corporation, as it may be hereafter amended.

(n) "Purchase Date" means the date of exercise of an option granted under the Plan. The Purchase Date shall be the last day of each Purchase Period.

(o) "Purchase Period" means each six-month period during which an offering to purchase Common Stock is made to Participants pursuant to the Plan. There shall be two Purchase Periods in each fiscal year of the Corporation, with the first Purchase Period in a fiscal year commencing on or about January 1 and ending on June 30, and the

second Purchase Period in a fiscal year commencing on or about July 1 and ending on December 31 of that year. Notwithstanding the foregoing, however, the first Purchase Period after the effective date of the Plan shall begin on or as soon as practicable following July 1, 2000 and end on December 31, 2000 and, accordingly, may extend for a period of less than six months. The Committee shall have the power to change the duration of Purchase Periods (including the commencement date thereof) with respect to future offerings without stockholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Purchase Period to be affected thereafter.

(p) "Subsidiary" means any present or future corporation which (i)

would be a "subsidiary corporation" of the Corporation as that term is defined in Section 424 of the Code or is otherwise determined by the Committee to be a Subsidiary, and (ii) is at any time designated as a corporation whose employees may participate in the Plan.

3. Effective Date

The Effective Date of the Plan shall be July 1, 2000. The Plan shall have a term of 10 years unless sooner terminated in accordance with Section 14 herein.

4. Administration

(a) The Plan shall be administered by the Board or, upon its delegation, by the Committee. References to the "Committee" shall include the Committee, the Board if it is acting in its administrative capacity with respect to the Plan, and any delegates appointed by the Committee pursuant to Section 4(b) herein.

(b) Any action of the Committee may be taken by a written instrument signed by all of the members of the Committee and any action so taken by written consent shall be as fully effective as if it had been taken by a majority of the members at a meeting duly held and called. Subject to the provisions of the Plan, the Committee shall have full and final authority, in its discretion, to take any action with respect to the Plan, including, without limitation, the following: (i) to establish, amend and rescind rules and regulations for the administration of the Plan; (ii) to prescribe the form(s) of any agreements or other written instruments used in connection with the Plan; (iii) to determine the terms and provisions of the options granted hereunder; and (iv) to construe and interpret the Plan, the options, the rules and regulations, and the agreements or other written instruments, and to make all other determinations necessary or advisable for the administration of the Plan. The determinations of the Committee on all matters regarding the Plan shall be conclusive. Except to the extent prohibited by the Plan, Local Law, or other applicable law, rule or regulation, the Committee may appoint one or more agents to assist in the administration of the Plan and may delegate all or any part of its responsibilities and powers to any such person or persons appointed by it. No member of the Board or Committee, as applicable, shall be liable while acting as administrator for any action or determination made in good faith with respect to the Plan or any option granted thereunder.

(c) The Committee may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of the Local Law of foreign jurisdictions. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules and procedures regarding handling of payroll deductions, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary based on the requirements of such foreign jurisdictions. The Committee also may adopt sub-plans applicable to particular Subsidiaries or locations. The rules of such sub-plans may take precedence over other provisions of this Plan (with the exception of Section 5), but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan.

5. Shares Subject to Plan

The aggregate number of shares of Common Stock which may be purchased under the Plan shall not exceed 250,000 shares, subject to adjustment pursuant to Section 13(a) herein. Shares of Common Stock distributed pursuant to the Plan shall be authorized but unissued shares, treasury shares or shares purchased on the open market or by private purchase. The Corporation hereby reserves sufficient authorized shares of Common Stock to provide for the exercise of options granted hereunder. In the event that any option granted under the Plan expires unexercised or is terminated, surrendered or canceled without being exercised, in whole or in part, for any reason, the number of shares of Common Stock subject to such option shall again be available for grant as an option and shall not reduce the aggregate number of shares of Common Stock

available for the grant of options as set forth herein. If, on a given Purchase Date, the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Corporation shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

6. Eligibility

Any Eligible Individual of the Corporation or a designated Subsidiary who shall have completed 90 days' employment and shall be employed by the Corporation or a designated Subsidiary on any given Offer Date for a Purchase Period shall be eligible to be a Participant during such Purchase Period. In the event that a designated Subsidiary shall cease to be so designated, then individuals who are employed by such Subsidiary shall cease to be eligible to participate in the Plan unless they otherwise qualify for participation in accordance with the terms of the Plan.

7. Participation; Payroll Deductions

(a) Commencement of Participation. An Eligible Individual shall become a Participant by completing a subscription agreement authorizing payroll deductions on the form provided by the Corporation and such other forms as may be required by the Committee and filing such form or forms with the Corporation or its designee at least five business days prior to the Offer Date for the applicable Purchase Period. Following the filing of a valid subscription agreement and other required forms, payroll deductions for a

Participant shall commence on the first payroll period which occurs on or after the Offer Date for the applicable Purchase Period and shall continue for successive Purchase Periods during which the Participant is eligible to participate in the Plan, unless withdrawn or terminated as provided in Section 10 or Section 11 herein.

(b) Amount of Payroll Deduction; Determination of Compensation. At the time a Participant files his subscription agreement authorizing payroll deductions, he shall elect to have payroll deductions made on each payday that he is a Participant during a Purchase Period at a rate of not less than 1% nor more than 15% (or such other percentages as the Committee may establish from time to time before an Offer Date) of his compensation. For the purposes herein, a Participant's "compensation" during any Purchase Period means his regular base pay (all base straight time gross earnings and commissions, exclusive of payments for overtime, shift premiums, incentive compensation, incentive payments, bonuses and other similar compensation) determined as of each pay day or as of such other date or dates as may be determined by the Committee; provided, however, that to the extent deemed necessary or appropriate by the Committee, "compensation" may be determined based on such other factors which are consistent with or required by Local Law or the policies and procedures of the employing designated Subsidiary. In the case of an hourly employee (and unless otherwise required by applicable Local Law), the Participant's compensation (as defined above) during a pay period shall be determined by multiplying such employee's regular hourly rate of pay in effect on the date of such payroll deduction by the number of regularly scheduled hours actually worked by such employee (excluding overtime) during such period. Payroll deductions made with respect to Participants paid in currencies other than U.S. dollars shall be converted to U.S. dollars as of each Purchase Date using the then applicable exchange rate, as determined by the Committee; provided, however, that the Committee may determine, with respect to any Purchase Period or any Participant, that payroll deductions shall be converted to U.S. dollars based on an average, median or other exchange rate applicable for the relevant Purchase Period.

(c) Participant's Account; No Interest. All payroll deductions made for a Participant shall be credited to his account under the Plan and shall

be withheld in whole percentages only. No interest shall accrue on any payroll deductions made by a Participant except where required by Local Law as determined by the Committee.

(d) Changes in Payroll Deductions. A Participant may discontinue his participation in the Plan as provided in Section 10 or Section 11, but no other change may be made during a Purchase Period and, specifically, a Participant may not otherwise increase or decrease the amount of his payroll deductions for that Purchase Period.

(e) Participation During Leave of Absence. If a Participant goes on a leave of absence, such Participant shall have the right to elect (i) to withdraw the balance in his account pursuant to Section 10 or (ii) to discontinue contributions to the Plan but remain a Participant in the Plan. The Committee may establish rules regarding when leaves of absence or change of employment status (e.g., from full-time to part-time) will be considered to be a termination of employment, and the Committee may establish

termination of employment procedures for the Plan which are independent of similar rules established under other benefit plans of the Company and its Subsidiaries.

(f) Other Methods of Participation. The Committee may, in its discretion, establish additional procedures whereby Eligible Individuals may participate in the Plan by means other than payroll deduction, including, but not limited to, delivery of funds by Participants in a lump sum or automatic charges to Participants' bank accounts. Such other methods of participation shall be subject to such rules and conditions as the Committee may establish. The Committee may at any time amend, suspend or terminate any participation procedures established pursuant to this Section 7(f) without prior notice to any Participant or Eligible Individual.

8. Grant of Options

(a) Number of Option Shares. On the Offer Date of each Purchase Period, a Participant shall be granted an option to purchase on the Purchase Date of such Purchase Period, at the applicable option price, such number of shares of Common Stock as is determined by dividing the amount of the Participant's payroll deductions accumulated on the Purchase Date and retained in the Participant's account as of the Purchase Date by the applicable option price (as determined in accordance with Section 8(b) herein); provided, however, that (i) no Participant shall be granted an option under the Plan to the extent that his rights to purchase stock under all employee stock purchase plans of the Corporation and any parent or subsidiary of the Corporation would accrue at a rate which exceeds $25,000 of the Fair Market Value of such stock (determined at the time of the grant of such option) for each calendar year in which such option is outstanding at any time; and (ii) no Participant may purchase, during a single Purchase Period, shares of Common Stock, with an aggregate Fair Market Value (based on the Option Price) in excess of $12,500. Payroll deductions and any option granted under the Plan shall be deemed to be modified to the extent necessary to satisfy the foregoing restrictions. Exercise of the option shall occur as provided in Section 9 herein, unless the Participant has withdrawn pursuant to Section 10 herein or terminated employment pursuant to Section 11 herein.

(b) Option Price. The option price per share of Common Stock purchased with payroll deductions made during such a Purchase Period for a Participant shall be the lesser of:

(i) 85% of the Fair Market Value per share of the Common Stock on the Offer Date for the Purchase Period; or

(ii) 85% of the Fair Market Value per share of the Common Stock on the Purchase Date for the Purchase Period.

9. Exercise of Options

(a) Automatic Exercise. Unless a Participant gives written notice of withdrawal to the Corporation as provided in Section 10 or terminates employment as provided in Section 11, his option for the purchase of Common Stock shall be exercised

automatically on the Purchase Date applicable to such Purchase Period, and the maximum number of whole shares of Common Stock subject to the option shall be purchased for the Participant at the applicable option price with the accumulated payroll deductions in his account at that time (subject to the limitations set forth in Section 8(a) herein).

(b) Termination of Option. An option granted during any Purchase Period shall expire at the end of the last day of the Purchase Period, except as otherwise provided in Sections 10 and 11.

(c) Fractional Shares. Fractional shares will not be issued under the Plan, except where required by Local Law as determined by the Committee. Any excess payroll deductions in a Participant's account which are not sufficient to purchase a whole share will be automatically re-invested in a subsequent Purchase Period unless the Participant withdraws his payroll deductions pursuant to Section 10 herein or terminates employment pursuant to Section 11 herein.

(d) Delivery of Stock. Except where otherwise required by Local Law (or as otherwise provided pursuant to Section 9(f) herein), (i) the shares of Common Stock purchased by each Participant shall be credited to such Participant's account maintained by the Corporation, a stock brokerage or other financial services firm designated by the Corporation (the "Designated Broker") or other designee of the Corporation on, or as soon as practicable following, the Purchase Date for a Purchase Period; and (ii) a Participant will be issued a certificate for his shares when his participation in the Plan is terminated, the Plan is terminated, or upon request. After the close of each Purchase Period, a report will be sent to each Participant stating the entries made to such Participant's account, the number of shares of Common Stock purchased and the applicable option price.

(e) Rights as a Stockholder. No Participant or other person shall have any rights as a stockholder unless and until certificates for shares of Common Stock have been issued to him or credited to his account.

(f) Cash Settlement of Option or Shares. In the event that the issuance or delivery of shares of Common Stock is impermissible or impracticable based on Local Law applicable to a particular Participant or otherwise advisable, the Committee may, in its sole discretion, elect to deliver to the Participant, upon the deemed exercise of the Option or distribution or disposition of Shares subject to the Option, a cash payment equal in value to the excess of the Fair Market Value at the time of exercise, disposition or distribution over the Option Price (as determined in accordance with Section 8(b) herein). The cash amount to be paid to a Participant shall be converted, if deemed necessary or appropriate by the Committee, into the appropriate currency for the country of the Participant's employment, and may be paid in lump sum or in an installment basis, in the Committee's discretion.

10. Withdrawal

A Participant may withdraw all but not less than all payroll deductions and shares credited to his account during a Purchase Period at any time prior to the applicable Purchase Date by giving written notice to the Corporation in form acceptable to the Corporation. In the event of such withdrawal, (i) all of the Participant's payroll deductions credited to his account will be paid to him promptly (without interest except to the extent otherwise required by Local Law), after receipt of his notice of withdrawal, (ii) certificates for shares held in the Participant's account shall be distributed to him (except to the extent otherwise provided pursuant to Section 9(f) herein), (iii) such Participant's option for the Purchase Period shall be automatically terminated, and (iv) no further payroll deductions will be made during such Purchase Period. The Corporation may, at its option, treat any attempt to borrow by an employee on the security of his accumulated payroll deductions as an election to withdraw. If a Participant withdraws during a Purchase Period, payroll deductions shall not resume at the beginning of a succeeding Purchase Period unless the Participant delivers to the Corporation a new subscription agreement and otherwise complies with the terms of the Plan.

11. Termination of Employment

Upon termination of a Participant's employment for any reason (including death), or in the event that a Participant ceases to be an Eligible Individual, he shall be deemed to have withdrawn from the Plan. In such event, all payroll deductions credited to his account during the Purchase Period (without interest except to the extent otherwise required by Local Law) but not yet used to exercise an option and a certificate(s) for shares if shares are held in Participant's account (or such other benefits as may be provided in lieu of such certificates pursuant to Section 9(f) herein) shall be delivered to him, or, in the case of his death, to such person or persons entitled to receive such benefits pursuant to Section 15 herein. Any unexercised options granted to a Participant during such Purchase Period shall be deemed to have expired on the date of the Participant's termination of employment (unless terminated earlier pursuant to Sections 9(b) or 10 herein), and no further payroll deductions will be made for the individual's account. The Committee has sole discretion to determine if the employment of a Participant has terminated and, if so, the date of such termination.

12. Transferability

No option (or right attendant to an option) granted pursuant to the Plan shall be transferable (including by assignment, pledge or hypothecation), except as provided by will or the applicable laws of intestate succession or as otherwise required under Local Law. No option shall be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of an option, or levy of attachment or similar process upon the option not specifically permitted herein, shall be null and void and without effect, except that the Corporation may treat such act as an election to withdraw funds during a Purchase Period in accordance with Section 10 hereof. During a Participant's lifetime, his option(s) may be exercised only by him.

13. Dilution and Other Adjustments

(a) General. If there is any change in the outstanding shares of
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Common Stock of the Corporation as a result of a merger, consolidation, reorganization, stock dividend, stock split distributable in shares, reverse stock split, or other change in the capital stock structure of the Corporation, the number of shares of Common Stock reserved for issuance under the Plan shall be correspondingly adjusted, and the Committee shall make such adjustments to options (including but not limited to the option price and the number of shares of Common Stock covered by each unexercised option), and to any provisions of this Plan as the Committee deems equitable to prevent dilution or enlargement of options or otherwise advisable to reflect such change.

(b) Merger or Asset Sale. In the event of a proposed sale of all or

substantially all of the assets of the Corporation, or the merger of the Corporation with or into another corporation, each outstanding option shall be assumed or an equivalent option substituted (in either case under terms substantially similar to the terms of the Plan) by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation fails to agree to assume or substitute the option, the Purchase Period then in progress shall be shortened by setting a new Purchase Date (the "New Purchase Date") and the Purchase Period then in progress shall end on the New Purchase Date. The New Purchase Date shall be before the date of the Corporation's proposed sale or merger. The Corporation shall notify each Participant in writing, at least ten (10) business days prior to the New Purchase Date, that the Purchase Date for the Participant's option has been changed to the New Purchase Date and that the Participant's option shall be exercised automatically on the New Purchase Date, unless prior to such date the Participant has withdrawn from the Purchase Period as provided in Section 10 or terminated employment as provided in Section 11.

(c) The Plan shall not affect in any way the right or power of the Corporation or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital structure or its business, or any merger or consolidation of the Corporation, or any issue of capital stock or shares or of options, warrants or rights to purchase capital stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect shares or the rights thereof or which are convertible into or exchangeable for shares of capital stock, or the dissolution or liquidation of the Corporation, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of similar character or otherwise.

14. Amendment and Termination of the Plan

The Board may at any time and from time to time modify, amend, suspend or terminate the Plan or any option granted hereunder, provided that (i) stockholder approval shall be required of any amendment to the Plan to the extent required by applicable law, rule or regulation; and (ii) no amendment to an option may materially and adversely affect any option outstanding at the time of the amendment without the consent of the holder thereof, except to the extent otherwise provided in the Plan. Upon termination of the Plan, certificate(s) for the full

number of whole shares of Common Stock held for each Participant's benefit (or such other benefit as may be provided pursuant to Section 9(f) herein), the cash equivalent of any fractional shares held for each Participant and the cash, if any, credited to such Participant's account shall be distributed promptly to such Participant.

15. Designation of Beneficiary

The Committee, in its sole discretion, may authorize Participants to designate a person or persons as each such Participant's beneficiary, which beneficiary shall be entitled to the rights of the Participant in the event of the Participant's death to which the Participant would otherwise be entitled. The Committee shall have sole discretion to approve the form or forms of such beneficiary designations, to determine whether such beneficiary designations will be accepted, and to interpret such beneficiary designations. If a Participant fails to designate a beneficiary and subsequently dies, or if the designated beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant (except to the extent otherwise required by Local Law).

16. Other Restrictions on Options and Shares

The Corporation may impose such restrictions on any options and shares

of Common Stock acquired upon exercise of options as it may deem advisable, including without limitation restrictions under the federal securities laws, the requirements of any stock exchange or similar organization, the requirements of any blue sky or state securities laws applicable to such securities, and the requirements of Local Laws of any jurisdiction outside of the United States to the extent such Local Laws are applicable. Notwithstanding any other Plan provision to the contrary, the Corporation shall not be obligated to issue, deliver or transfer shares of Common Stock under the Plan or make any other distribution of benefits under the Plan, or take any other action, unless such delivery, distribution or action is in compliance with all applicable laws, rules and regulations (including but not limited to the requirements of the Securities Act of 1933, as amended, and of applicable Local Laws). The Corporation may cause a restrictive legend to be placed on any certificate issued pursuant to an award hereunder in such form as may be prescribed from time to time by applicable laws, rules and regulations, including but not limited to Local Laws, or as may be advised by legal counsel.

17. Unfunded Plan; Retirement Plan

(a) Neither a Participant nor any other person shall, by reason of the Plan, acquire any right in or title to any assets, funds or property of the Corporation or any Subsidiary, including, without limitation, any specific funds, assets or other property which the Corporation or any Subsidiary, in their discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Common Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Corporation or any Subsidiary. Nothing contained in the Plan shall constitute a guarantee that the assets of such corporations shall be sufficient to pay any benefits to any person.

(b) In no event shall any amounts accrued, distributable or payable under the Plan be treated as compensation for the purpose of determining the amount of contributions or benefits to which any person shall be entitled under any retirement plan sponsored by the Corporation or a Subsidiary that is intended to be a qualified plan within the meaning of Section 401(a) of the Code.

18. No Obligation to Exercise Options

The granting of an option shall impose no obligation upon a Participant to exercise such option.

19. Use of Funds

The proceeds received by the Corporation from the sale of Common Stock pursuant to options will be used for general corporate purposes, and the Corporation shall not be obligated to segregate such payroll deductions.

20. Withholding Taxes

Upon the exercise of any option under the Plan, in whole or in part, or at the time of disposition of some or all of the Common Stock acquired pursuant to exercise of an option, a Participant must make adequate provision for the federal, state, local, Local Law or other tax withholding obligations, if any, which arise from the exercise of the option or the disposition of the Common Stock. The Corporation shall have the right to require the Participant to remit to the Corporation, or to withhold from the Participant (or both) amounts sufficient to satisfy all federal, state, local, Local Law and other withholding tax requirements prior to the delivery or transfer of any certificate or certificates for shares of Common Stock.

21. No Right of Continued Employment

Nothing in the Plan or any option shall confer upon an employee the right to continue in the employment of the Corporation or any Subsidiary or affect any right which the Corporation or any Subsidiary may have to terminate

the employment of such individual. Except as otherwise provided in the Plan, all rights of a Participant with respect to options granted hereunder shall terminate upon the termination of employment of the Participant.

22. Notices

Every direction, revocation or notice authorized or required by the Plan shall be deemed delivered to the Corporation (i) on the date it is personally delivered to the Corporation at its principal executive offices or (ii) three business days after it is sent by registered or certified mail, postage prepaid, addressed to the Secretary at such offices, and shall be deemed delivered to an Eligible Individual (i) on the date it is personally delivered to him or (ii) three business days after it is sent by registered or certified mail, postage prepaid, addressed to him at the last address shown for him on the records of the Corporation or of any Subsidiary.

23. Applicable Law

The Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflict of laws provisions of any state.

24. Compliance with Local Laws

Notwithstanding any other provision in the Plan to the contrary, the Corporation shall not be required to take any action, and no provision of the Plan shall be effective, if such action or Plan provision would result in the violation of any Local Law or other applicable law, rule or regulation with respect to any Participant; provided, however, that, except as the Plan or certain provisions thereof may be effected by the foregoing, the Plan shall continue in full force and effect with respect to all other Participants.

IN WITNESS WHEREOF, this Clarus Corporation Global Employee Stock Purchase Plan has been executed in behalf of the Corporation effective as of the 13th day of June, 2000.

CLARUS CORPORATION

By: /s/ Stephen P. Jeffery

Stephen P. Jeffery, Chief Executive Officer

Attest:

/s/ Mark D. Gagne
- ---
Mark D. Gagne, Secretary

[Corporate Seal]

EXHIBIT 10.5

STOCK INCENTIVE PLAN
OF
CLARUS CORPORATION

Form of Nonqualified Stock Option Agreement

THIS AGREEMENT (the "Agreement"), made the ____ day of _____, _____, between CLARUS CORPORATION, a Delaware corporation (the "Corporation"), and _____, an employee of the Corporation or a related corporation (the "Participant");

R E C I T A L S :
- - - - - - - -

In furtherance of the purposes of the Stock Incentive Plan of Clarus Corporation, as amended and restated (the "Plan"), the Corporation and the Participant hereby agree as follows:

1. Incorporation of Plan. The rights and duties of the Corporation and the Participant under this Agreement shall in all respects be subject to and governed by the provisions of the Plan, the terms of which are incorporated herein by reference. In the event of any conflict between the provisions in the Agreement and those of the Plan, the provisions of the Plan shall govern. Unless otherwise defined herein, capitalized terms in this Agreement shall have the same definitions as set forth in the Plan.

2. Grant of Option; Term of Option. The Corporation hereby grants to the Participant pursuant to the Plan, as a matter of separate inducement and agreement in connection with his employment or service to the Corporation, and not in lieu of any salary or other compensation for his services, the right and Option (the "Option") to purchase all or any part of an aggregate of _____ (_____) shares (the "shares") of the common stock (the "Common Stock") of the Corporation, at a purchase price (the "option price") of _____ ($_____) per share. Except as otherwise provided in the Plan, the Option will expire if not exercised in full before _____, ____.

3. Exercise of Option. The Option shall become exercisable on the date or dates set forth on Schedule A attached hereto. To the extent that an Option which is exercisable is not exercised, such Option shall accumulate and be exercisable by the Participant in whole or in part at any time prior to expiration of the Option, subject to the terms of the Plan. Upon the exercise of an Option in whole or in part and payment of the option price in accordance with the provisions of this Agreement, the Corporation shall as soon thereafter as practicable deliver to the Participant a certificate or certificates for the shares purchased. Payment of the option price may be made in the form: (i) cash; (ii) delivery (by either actual delivery or attestation) of shares of Common Stock owned by the Participant at the time of exercise for a period of at least six months and otherwise acceptable to the Administrator; (iii) delivery of written notice of exercise to the Corporation and delivery to a broker of written notice of exercise and irrevocable instructions to promptly deliver to the Corporation the amount of sale or loan proceeds to pay the option price; or (iv) a combination of the foregoing methods. Shares delivered in payment of the option price shall be valued at their fair market value on the date of exercise, as determined by the Administrator by applying the provisions of the Plan.

4. No Right of Continued Employment. Nothing contained in this Agreement or the Plan shall confer upon the Participant any right to continue in the employment or service of the Corporation or a related corporation or interfere with the right of the Corporation or a related corporation to terminate the Participant's employment or service at any time. Except as otherwise expressly provided in the Plan, all rights of the Participant under

the Plan with respect to the unexercised portion of his Option shall terminate upon termination of the employment of the Participant with the Corporation or a related corporation.

5. Nontransferability of Option. To the extent that this Option is designated as an Incentive Option, the Option shall not be transferable other than by will or the laws of intestate succession. To the extent that this Option is designated as a Nonqualified Option, the Option shall not be transferable other than by will or the laws of intestate succession, except as may be permitted by the Administrator of the Plan in a manner consistent with the registration provisions of the Securities Act of 1933, as amended (the "Securities Act"). Except as may be permitted by the preceding sentence, this Option shall be exercisable during the Participant's lifetime only by the Participant or by his guardian or legal representative. The designation of a beneficiary does not constitute a transfer.

6. Superseding Agreement; Binding Effect. This Agreement supersedes any statements, representations or agreements of the Corporation with respect to the grant of the Options or any related rights, and the Participant hereby waives any rights or claims related to any such statements, representations or agreements. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective executors, administrators, next-of-kin, successors and assigns.

7. Governing Law. Except as otherwise provided in the Plan or herein, this Agreement shall be construed and enforced according to the laws of the State of Delaware, without regard to the conflict of laws provisions of any state.

8. Amendment and Termination; Waiver. Subject to the terms of the Plan, this Agreement may be modified or amended only by the written agreement of the parties hereto. The waiver by the Corporation of a breach of any provision of the Agreement by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

9. No Rights as Stockholder. The Participant or his legal representative, legatees or distributees shall not be deemed to be the holder of any shares subject to the Option and shall not have any rights of a stockholder unless and until certificates for such shares have been issued and delivered to him or them.

10. Withholding. The Participant acknowledges that the Corporation shall require the Participant to pay the Corporation the amount of any federal, state, local or other tax or other amount required by any governmental authority to be withheld and paid over by the Corporation to such authority for the account of the Participant, and the Participant agrees, as a condition to the grant of the Option, to satisfy such obligations.

11. Administration. The authority to construe and interpret this Agreement and the Plan, and to administer all aspects of the Plan, shall be vested in the Administrator (as such term is defined in the Plan), and the Administrator shall have all powers with respect to this Agreement as are provided in the Plan. Any interpretation of the Agreement by the Administrator and any decision made by it with respect to the Agreement is final and binding.

12. Notices. Except as may be otherwise provided by the Plan, any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailed but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Corporation's

records, or if to the Corporation, at the Corporation's principal office.

13. Severability. The provisions of this Agreement are severable
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and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. Restrictions on Shares. The Corporation may impose such
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restrictions on any shares issued pursuant to the exercise of the Option as it may deem advisable, including without limitation restrictions under the federal securities laws, the requirements of any stock exchange or similar organization and any blue sky or state securities laws applicable to such shares. Notwithstanding any other provision in the Plan or the Agreement to the contrary, the Corporation shall not be obligated to issue, deliver or transfer shares of Common Stock, to make any other distribution of benefits, or to take any other action, unless such delivery, distribution or action is in compliance with all applicable laws, rules and regulations (including but not limited to the requirements of the Securities Act). The Corporation may cause a restrictive legend to be placed on any certificate issued pursuant to the exercise of the Option in such form as may be prescribed from time to time by applicable laws and regulations or as may be advised by legal counsel.

IN WITNESS WHEREOF, this Agreement has been executed in behalf of the Corporation and by the Participant effective as of the day and year first above written.

CLARUS CORPORATION

By: _____
Name: _____
Title: _____

Attest:

_____
Secretary

[Corporate Seal]

PARTICIPANT

_____(SEAL)

STOCK INCENTIVE PLAN
OF
CLARUS CORPORATION

Stock Option Agreement

SCHEDULE A

Date Option granted: _____, _____.
Date Option expires: _____, _____.
Number of shares subject to Option: _____ shares.
Option price (per share): $_____.

Date Installment First Exercisable	Number of Shares in Installment	Nonqualified Stock Option
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EXHIBIT 10.8

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made effective as of the 1st day of January, 2000, by and between Clarus Corporation, a Delaware corporation (the "Company") and Stephen P. Jeffery, a Georgia resident, ("Employee").

WHEREAS, the Company and Employee desire to continue the employment of Employee with the Company; and

WHEREAS, the Company and Employee desire to set forth in writing all of the covenants, terms and conditions of their agreement and understanding as to such employment.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Employment and Duties. The Company hereby employs Employee, and Employee hereby accepts continued employment, as President and Chief Executive Officer of the Company. Employee agrees to serve in such capacities and to faithfully and diligently perform such duties, responsibilities and services that are incidental thereto, as well as such other duties, responsibilities and services as may be prescribed or requested by the Board of Directors of the Company from time to time. Employee shall devote his full time, attention and best efforts to the performance of his duties, responsibilities and services to the Company in a lawful manner and in accordance with all policies of and instructions from the Company.

2. Term. The term of this Agreement will commence on the date set forth above and will terminate one (1) year thereafter, unless said Agreement is terminated at an earlier date as provided herein. The Agreement shall automatically renew for identical and successive one (1) year term(s) unless either party notifies the other of its intention not to renew the Agreement at least 30 days prior to the expiration of the one year term then in effect; provided, however, that all post-termination rights and obligations hereunder shall survive termination or expiration of this Agreement as provided herein.

3. Compensation and Employee Benefits.

(a) Compensation. Employee shall receive an annualized salary (the "Base Salary") of Two Hundred Fifty Thousand Dollars ($250,000.00), which shall be paid in accordance with the Company's regular payroll practices and subject to any and all withholdings pursuant to applicable law.

Employee is also eligible to receive additional incentive compensation as set forth on Exhibit A if the Company meets the revenue, expense and profitability targets and the Employee attains the specified management business objectives set forth on Exhibit "A," which is attached hereto and incorporated herein by reference. The Employee's right to receive

incentive compensation hereunder will be measured on a quarterly basis and, if earned, will be payable quarterly.

(b) Employee/Fringe Benefits. Employee shall be eligible to participate in all employee benefit programs and fringe benefits (including, but not limited to, medical, dental, vision, life, accidental death and dismemberment, travel, accident and short-term/long-term disability insurance plans or programs, paid time-off, paid holidays, etc.) generally made available to executive employees of the Company, subject to any and all terms, conditions, and eligibility requirements for said programs and benefits, as may from time to time be prescribed by the Company. The Company may alter, modify, add to or

delete its employee benefit plans at any time as it determines in its sole discretion.

(c) Other Business Expenses. The Company shall reimburse Employee for his actual out-of-pocket, business expenses that are incurred by Employee and are reasonable and necessary in relation to and in furtherance of Employee's performance of his duties to the Company. Such reimbursement shall be subject to compliance with the Company's reimbursement policies and the provision of substantiating documents of said expenses as may be reasonably requested by the Company.

(d) Vacation. Employee shall be entitled to twenty-four (24) days Paid Time Off (PTO) per year (which includes vacation, illness and other personal time away from work) as well as seven (7) days of paid holiday in accordance with the Company's normal policies; provided, that vacation shall be taken at such times as shall not unreasonably interfere with the Employee's responsibilities hereunder. Up to five (5) days of unused PTO may be carried forward from one year into the next.

4. Termination. This Agreement may be terminated prior to the expiration
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of the term as follows:

(a) Death or Disability. The Employee's employment hereunder shall terminate automatically upon Employee's death. In such event, Employee's estate shall be entitled to receive any earned and unpaid Base Salary, prorated through the date of death. If the Employee is prevented from performing his material duties hereunder as a result of physical or mental illness, injury or incapacity for either (i) a period of ninety (90) consecutive days or (ii) more than one hundred-eighty (180) days in the aggregate in any twelve (12) month period, then the Company may terminate the Employee's employment upon written notice to Employee. While receiving disability income payments under the Company's disability income plan, the Employee shall not be entitled to receive any Base Salary hereunder, but shall continue to participate in the Company's benefit plans, to the extent permitted by such plans, until the termination of his employment.

(b) For Cause. The Company may terminate the Employee's employment hereunder for Cause at any time upon notice to the Employee setting forth in reasonable detail the nature of such Cause. In the event that the Company terminates Employee's employment for Cause (or Employee resigns from his employment with the Company), the Company shall not be

obligated to pay any salary or other compensation to Employee after the effective date of termination, other than accrued and unpaid Base Salary earned through the date of termination.

(c) Without Cause. In the event the Company terminates this Agreement without Cause, then Employee shall be entitled to (i) severance pay in the form of continuation of his annualized Base Salary for a period of one (1) year from the date of such termination, which shall be paid in accordance with the Company's regular payroll practices and subject to any and all withholdings pursuant to applicable law, and (ii) a pro rata portion of his incentive bonus, if any, contemplated by Section 3(a) for the quarter in which his employment terminated based upon the number of days in the quarter elapsed prior to such termination. In addition, the Company shall continue to provide, through COBRA or otherwise, medical insurance coverage contemplated by Section 3(c) for a period of twelve months following the date of Employee's termination without Cause, or Employee's earlier commencement of employment with any other entity. Payment of the severance benefits set forth herein shall be subject to Employee's continued compliance with the provisions of Section 5 hereof.

(d) Change of Control. The Employee may terminate his employment hereunder at any time during the three (3) month period beginning three (3) months after a Change of Control has occurred by written notice given to the Company. In the event of such termination:

(i) The Company shall continue to pay to the Employee his Base Salary as of the date of the Change of Control for a period of twelve (12) months from the date of termination.

(ii) The Company shall pay to the Employee a pro rata portion of his incentive bonus, if any, contemplated by Section 3(a) for the quarter in which his employment terminated based upon the number of days in the quarter elapsed prior to termination.

(iii) The Company shall continue to provide Employee with the medical insurance coverage contemplated by Section 3(c), through COBRA or otherwise, for a period equal to the earlier of (x) twelve (12) months from the date of termination or (y) Employee's commencement of employment with any other entity.

5. Protective Covenants. Employee is, and will become during the course of employment, intimately familiar with Confidential Information, Trade Secrets, products and services, and other property of the Company. The protection of the Company requires that all such property and information must remain the sole and private property of the Company to be used only for the Company's benefit, not to be disclosed to any other party nor used by Employee against the Company or for the benefit of any other person. Employee shall, upon request of the Company, and without request promptly on termination of employment, deliver all Company Property in Employee's possession or control to the Company. Employee acknowledges and agrees that title to all Company Property is vested in the Company. In

addition, Employee warrants, represents, covenants and agrees, during the term of his employment and for the periods described below, as follows:

(a) Covenant Not to Compete in Certain Ways. By virtue of his position with the Company, Employee shall be given an opportunity to, and shall have an obligation to, participate in strategic planning with respect to competitors of the Company and shall be made privy to the Company's marketing strategy, product development, pricing, timing and other matters specifically designed to address market competition. Employee further acknowledges that the use and/or disclosure by him of such secret information and knowledge would be inevitable in the event Employee were to become engaged by such a competitor in a capacity similar to the capacity in which Employee is employed by the Company. Employee therefore agrees that, for a period of one (1) year following termination of his employment with the Company, he shall not directly or indirectly, within the State of Georgia or within a 100-mile radius of the addresses of the competitors of the Company expressly listed on Exhibit "B" hereto (the "Named Competitors"), become engaged or employed by any Named Competitor in a capacity substantially identical to the functions and duties Employee performs on behalf of the Company. Employee acknowledges that the Named Competitors designated on Exhibit "B" are the key competitors of the Company as of the date hereof. Employee acknowledges and agrees that there are many other entities with whom Employee can profitably use his skills and abilities, including other competitors of the Company, and that it is entirely proper and reasonable for him to agree not to work for the Named Competitors in the prescribed capacity for the prescribed times and within the prescribed locations. The parties agree that Exhibit "B" may be updated and amended from time to time by substituting therefor a modified Exhibit "B" that has been signed by both the Company and Employee, and that the Named Competitors shall thereafter refer to the companies listed on such amended Exhibit "B."

(b) Covenant Not to Solicit Business from Certain Customers. The Employee acknowledges that during the course of his employment by the Company, Employee shall have a duty to, and shall be given an opportunity to, make contact with and strengthen ties with Customers and potential Customers of the Company. The Employee shall not, for a period of two (2) years after termination of his employment with the Company, directly or indirectly, for himself or any other person or entity, solicit any Customer for the purchase or license by such Customer of any product or service competitive with any of the products and services which are offered by the Company within the one-year period preceding termination of Employee's employment.

(c) Covenant Not to Solicit Employees. For a period of two (2) years

following the date of termination of his employment with the Company, Employee shall not, directly or indirectly, for himself or any other person or entity, employ, solicit or recommend the employment of any employee of the Company for the purpose of causing such employee to take employment with Employee or any other person or entity until such employee or former employee has ceased to be employed by the Company for a period of six (6) months.

(d) Covenant Not to Disclose Confidential Information or Trade Secrets. Employee shall not disclose to any person whatsoever or use any Trade Secrets or Confidential Information of the Company, other than as necessary in the fulfillment of his duties to the

Company in the course of employment. This paragraph shall be effective during the term of this Agreement and for a period of two (2) years after termination of employment with respect to all Confidential Information, and shall remain in effect with respect to all Trade Secrets so long as such information remains a trade secret under applicable law.

6. Work Product; Inventions.

(a) Ownership by the Company. The Company shall own all right, title and interest in and to all work product developed by Employee in Employee's provision of services to the Company, including without limitation, all preliminary designs and drafts, all other works of authorship, all derivative works and patentable and unpatentable inventions and improvements, all copies of such works in whatever medium such copies are fixed or embodied, and all worldwide copyrights, trademarks, patents or other intellectual property rights in and to such works (collectively the "Work Product"). All copyrightable materials of the Work Product shall be deemed a "work made for hire" for the purposes of U.S. Copyright Act, 17 U.S.C. (S) 101 et seq., as amended.

(b) Assignment and Transfer. In the event any right, title or interest in and to any of the Work Product (including without limitation all worldwide copyrights, trademarks, patents or other intellectual property rights therein) does and shall not vest automatically in and with the Company, Employee agrees to and hereby does irrevocably assign, convey and otherwise transfer to the Company, and the Company's respective successors and assigns, all such right, title and interest in and to the Work Product with no requirement of further consideration from or action by Employee or the Company.

(c) Registration Rights. The Company shall have the exclusive worldwide right to register, in all cases as "claimant" and when applicable as "author," all copyrights in and to any copyrightable element of the Work Product, and file any and all applicable renewals and extensions of such copyright registrations. The Company shall also have the exclusive worldwide right to file applications for and obtain (i) patents on and for any of the Work Product in Employee's name and (ii) assignments for the transfer of the ownership of any such patents to the Company.

(d) Additional Documents. Employee agrees to execute and deliver all documents requested by the Company regarding or related to the ownership and/or other intellectual property rights and registrations specified herein. Employee hereby further irrevocably designates and appoints the Company as Employee's agent and attorney-in-fact to act for and on Employee's behalf and stead to execute, register and file any such assignments, applications, registrations, renewals and extensions and to do all other lawfully permitted acts to further the registration, prosecution and issuance of patents, copyright or similar protections with the same legal force and effect as if executed by Employee.

7. Employee's Obligations Upon Termination. Upon the termination of
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Employee's employment hereunder for whatever reason, Employee automatically tenders Employee's resignation from any office Employee may hold with the Company, and Employee

shall not at any time thereafter represent himself to be connected or to have any connection with the Company or its related entities.

8. Assignment. Due to the personal service nature of Employee's obligations, Employee may not assign this Agreement. Subject to the restrictions in this Section, this Agreement shall be binding upon and benefit the parties hereto, and their respective heirs, successors or assigns.

9. Legality and Severability. The parties covenant and agree that the provisions contained herein are reasonable and are not known or believed to be in violation of any federal, state, or local law, rule or regulation. In the event a court of competent jurisdiction finds any provision herein (or subpart thereof) to be illegal or unenforceable, the parties agree that the court shall modify said provision(s) (or subpart(s) thereof) to make said provision(s) (or subpart(s) thereof) and this Agreement valid and enforceable. Any illegal or unenforceable provision (or subpart thereof), or any modification by any court, shall not affect the remainder of this Agreement, which shall continue at all times to be valid and enforceable.

10. Entire Agreement; Modification; Governing Law. This Agreement constitutes the entire understanding between the parties regarding the subject matters addressed herein and supersedes any prior oral or written agreements between the parties. This Agreement can only be modified by a writing signed by both parties, and shall be interpreted in accordance with and governed by the laws of the State of Georgia without regard to the choice of law provisions thereof. Notwithstanding the foregoing, the protective provisions contained in Paragraph 5 hereof shall be governed and enforced in accordance with the laws of the state in which enforcement of such provisions is sought.

11. Negotiated Agreement. Employee and the Company agree that this Agreement shall be construed as drafted by both of them, as parties of equivalent bargaining power, and not for or against either of them as drafter.

12. Review and Voluntariness of Agreement. Employee acknowledges Employee has had an opportunity to read, review, and consider the provisions of this Agreement, that Employee has in fact read and does understand such provisions, and that Employee has voluntarily entered into this Agreement.

13. Non-Waiver. The failure of the Company to insist upon or enforce strict performance of any provision of this Agreement or to exercise any rights or remedies thereunder will not be construed as a waiver by the Company to assert or rely upon any such provision, right or remedy in that or any other instance.

14. No Conflicting Obligations. Employee hereby acknowledges and represents that Employee's execution of this Agreement and performance of employment-related obligations and duties for the Company as set forth hereunder will not cause any breach, default or violation of any other employment, non-disclosure, confidentiality, non-competition or other agreement to which Employee may be a party or otherwise bound. Employee hereby agrees that he will not use in the performance of his duties for the Company (or otherwise disclose to the Company) any

trade secrets or confidential information of any prior employer or other person or entity if and to the extent that such use or disclosure may cause a breach or violation of any obligation or duty owed to such employer, person, or entity under any agreement or applicable law.

15. Forum; Encorcement. In the event of litigation arising from this Agreement, Employee hereby expressly consents to jurisdiction and venue in any State or Federal Court sitting in Fulton County, State of Georgia, and waives any objections to such jurisdiction and venue. Employee further agrees that if Employee were to breach the provisions of Section 5 or 6 hereof, the Company would be irreparably harmed and therefore, in addition to any other remedies available at law, the Company shall be entitled to equitable relief, including without limitation, specific performance and preliminary and permanent

injunction, against any breach or threatened breach of said Sections 5 and 6, without having to post bond.

16. Notices. Any notice or other communications under this Agreement
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shall be in writing, signed by the party making the same, and shall be delivered personally or sent by certified or registered mail, postage prepaid, addressed as follows:

If to Employee: Stephen P. Jeffery
5890 Stoneleigh Drive
Suwanee, GA 30024

If to the Company: Clarus Corporation
3970 Johns Creek Court
Suwanee, Georgia 30024
Attention: _____

or to such other address as may hereafter be designated by either party hereto. All such notices shall be deemed given on the date received.

17. Definitions. As used in this Agreement, the following terms shall
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have the following meanings:

(a) "Cause."

(i) The Employee's repeated failure to perform (other than by reason of disability), or gross negligence in the performance of, his material duties and responsibilities hereunder and the continuance of such failure or negligence for a period of thirty (30) days after notice to the Employee;

(ii) Material breach by the Employee of any provision of this Agreement or any other written agreement between the Employee and the Company or any of its affiliates; and

(iii) Other conduct by the Employee that involves a material violation of law or breach of fiduciary obligation on the part of the Employee or is otherwise materially harmful to the business, interests, reputation or prospects of the Company or any of its affiliates.

(b) "Change of Control" For the purposes herein, a "Change of Control" shall be deemed to have occurred on the earliest of the following dates:

(i) The date any entity or person shall have become the beneficial owner of, or shall have obtained voting control over, (X) fifty-one percent (51%) or more of the outstanding Common Stock of the Company if the Company's stock is not then registered with the SEC and publicly traded or (Y) forty percent (40%) or more of the outstanding Common Stock of the Company if the Company has consummated its initial public offering;

(ii) The date the stockholders of the Company approve a definitive agreement (A) to merge or consolidate the Company with or into another corporation, in which the Company is not the continuing or surviving corporation or pursuant to which any shares of Common Stock of the Company would be converted into cash, securities or other property of another corporation, other than (X) a merger or consolidation of the Company in which holders of Common Stock immediately prior to the merger or consolidation have the same proportionate ownership of Common Stock of the surviving corporation immediately after the merger as immediately before and (Y) a merger or consolidation of the Company in which holders of Common Stock immediately prior to the merger or consolidation continue to own at least a majority of the combined voting securities of the Company (or the surviving entity) outstanding immediately after such merger or consolidation, or (B) to sell or otherwise dispose of all or substantially all the assets of the Company; or

(iii) The date there shall have been a change in a majority of the Board of Directors of the Company within a 12-month period unless the nomination for election by the Company's stockholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 12-month period.

(c) "Company Property." All property, including, without limitation, real, personal, tangible or intangible, including all computer programs, electronic data, educational or instructional materials, inventions, Confidential Information, Trade Secrets, facilities, trade names, logos, patents, copyrights and all tangible materials and supplies (whether originals or duplicates and including, but not in any way limited to, computer diskettes, brochures, materials, sample products, video tape cassettes, film, catalogs, books, records, manuals, sales presentation literature, training materials, calling or business cards, customer records, customer files, customer names, addresses and phone numbers, directives, correspondence, documents, contracts, orders, messages, memoranda, notes, circulars, agreements, bulletins, invoices and receipts), which in any way pertain to the Company's business, whether furnished to Employee by the Company or prepared, compiled or acquired by Employee while employed by the Company, all being the sole property of the Company.

(d) "Confidential Information." All information or material regarding the Company's business that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, or information which if disclosed without authorization could be detrimental to the business of the Company, including, but not limited to, its business plans, marketing plans, methods of operation, products, software programs, documentation of computer programs, programming procedures, algorithms, formulas, equipment, techniques, existing and contemplated services, inventions, systems, devices (whether or not patentable), financial information and practices, plans, pricing, selling and marketing techniques, proposals or bids for actual or potential customers, names, addresses and phone numbers of the Company's customers, credit information and financial data of the Company and the Company's customers, particular business requirements of the Company's customers, and special methods and processes involved in designing, producing and selling the Company's products and services, all shall be deemed Confidential Information and the Company's exclusive property; provided, however, that Confidential Information shall not include information that has entered the public domain other than through the actions of Employee. Confidential Information shall also include the foregoing types of information with respect to all affiliates of the Company.

(e) "Customer." Customer means any customer or prospective customer of the Company with whom Employee had Material Contact during the twelve (12) months immediately preceding the termination of the Employee's employment with the Company.

(f) "Material Contact." Material Contact means interaction between the Employee and the customer or potential customer which takes place in an effort to further the business relationship, and shall be deemed to exist between the Employee and each customer or potential customer of the Company with whom the Employee dealt; whose dealings with the Company were coordinated or supervised by the Employee; or about whom the Employee obtained and used confidential information in the ordinary course of business as a result of such Employee's association with the Company.

(g) "Trade Secrets." All information, including, but not limited to, technical or non-technical data, formulas, patterns, programs, devices, methods, processes, financial data, product plans or a list of actual or potential customers or suppliers, which derives economic value from not being generally known and which is the subject of reasonable efforts by the Company to maintain its secrecy.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their hands and seals as of the date first above written.

THE COMPANY:

CLARUS CORPORATION

By: /s/ Mark D. Gagne /s/ Stephen P. Jeffery

Title: Chief Executive Officer; Chief Financial

Officer

EMPLOYEE:

/s/ Stephen P. Jeffery

Stephen P. Jeffery

EXHIBIT "A"

INCENTIVE COMPENSATION

In order to earn the quarterly incentive bonus contemplated by Section 3(a), the following targets must be met, as measured on a calendar quarter, commencing January 1, 2000:

1. If the Company achieves at least 80% of its budgeted revenue and earnings per share for such quarter, based on the budget in effect at the time as approved by the Board, the Employee shall be entitled to receive a bonus equal to 0.3% of the Company's gross revenue for such quarter. No bonus will be paid hereunder if the Company does not achieve at least 80% of said targets.

2. If the Company achieves 100% or more of its budgeted earnings per share for such quarter, based on the budget in effect at the time as approved by the Board, the Employee shall be entitled to receive an additional bonus in the amount of Twelve Thousand Five Hundred Dollars ($12,500) for such quarter. No bonus will be paid hereunder if the Company does not achieve at least 80% of said targets.

EXHIBIT "B"

List of Competitors Pursuant to Section 5 of Agreement

Name:	Address:
1. Ariba Corporation	1565 Charleston Road Mountain View, CA 94043 And 600 Northpark Town Center 1200 Abernathy Road Atlanta, GA 30328
2. Commerce One	CarrAmerica Corporate Center Buildings #1 & #4 4440 Rosewood Drive Pleasanton, CA 94588
3. Purchase Pro	3291 North Buffalo Drive

Las Vegas, Nevada 89129

Printed Name of Employee:

Stephen P. Jeffery

/s/ Stephen P. Jeffery
- ----------
Signature of Employee

Date: January 1, 2000

CLARUS CORPORATION

By: /s/ Stephen P. Jeffery /s/ Mark D. Gagne

Title: Chief Executive Officer; Chief Financial Officer

Date: January 1, 2000

EXHIBIT 10.9

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made effective as of the 13/th/ day of January, 2000, by and between Clarus Corporation, a Delaware corporation (the "Company") and Mark D. Gagne ("Employee").

WHEREAS, the Company desires to employ Employee and Employee desires to accept employment with the Company; and

WHEREAS, the Company and Employee desire to set forth in writing all of the covenants, terms and conditions of their agreement and understanding as to such employment.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Employment and Duties. The Company hereby employs Employee, and Employee hereby accepts employment, as Executive Vice President and Chief Financial Officer of the Company. Employee agrees to serve in such capacities and to faithfully and diligently perform such duties, responsibilities and services that are incidental thereto, as well as such other duties, responsibilities and services as may be prescribed or requested by the Chief Executive Officer or the Board of Directors of the Company from time to time. Employee shall devote his full time, attention and best efforts to the performance of his duties, responsibilities and services to the Company in a lawful manner and in accordance with all policies of and instructions from the Company.

2. Term. The term of this Agreement will commence on the date set forth above and will terminate one (1) year thereafter, unless said Agreement is terminated at an earlier date as provided herein. The Agreement shall automatically renew for identical and successive one (1) year term(s) unless either party notifies the other of its intention not to renew the Agreement at least 30 days prior to the expiration of the one year term then in effect; provided, however, that all post-termination rights and obligations hereunder shall survive termination or expiration of this Agreement as provided herein.

3. Compensation and Employee Benefits.

(a) Compensation. Employee shall receive an annualized salary (the "Base Salary") of Two Hundred Thousand Dollars ($200,000.00), which shall be paid in the amount of $8,333.33 per pay period (on a semi-monthly basis), and in accordance with the Company's regular payroll practices and subject to any and all withholdings pursuant to applicable law.

Employee is also eligible to receive additional annualized incentive compensation of up to $100,000.00 per year, if the Company meets the revenue, expense and profitability targets and the Employee attains the specified management business objectives set forth on Exhibit "A," which is attached hereto and incorporated herein by reference. The Employee's right to receive incentive compensation hereunder will be measured on a quarterly basis and, if earned, will be payable quarterly.

Employee shall also receive a signing bonus in the amount of $300,000.00 upon commencement of employment with the Company, which amount shall be paid to Employee on the first regular payroll date thereafter. Employee shall be obligated to repay and reimburse to the Company said signing bonus if, within one (1) year following the date hereof, Employee resigns his employment with the Company or his employment is terminated by the Company for Cause; provided that such requirement shall lapse with respect to, and Employee shall

not be obligated to repay to the Company, $25,000 for each full month of employment hereunder.

(b) Stock Options. Pursuant and subject to the terms and conditions of the Stock Option Agreement between the Company and Employee of even date herewith (the "Stock Option Agreement"), Employee has received a nonqualified stock option to purchase up to one hundred sixty thousand (160,000) shares of the common stock of the Company at an exercise price of $35.00 per share, with 24,000 shares being fully vested upon the date hereof, 34,000 shares vesting one (1) year from the date hereof, and the remaining 102,000 shares vesting on a monthly basis over a three (3) year period commencing on January 13, 2001.

(c) Employee/Fringe Benefits. Employee shall be eligible to participate in all employee benefit programs and fringe benefits (including, but not limited to, medical, dental, vision, life, accidental death and dismemberment, travel, accident and short-term/long-term disability insurance plans or programs, paid time-off, paid holidays, etc.) generally made available to executive employees of the Company, subject to any and all terms, conditions, and eligibility requirements for said programs and benefits, as may from time to time be prescribed by the Company. The Company may alter, modify, add to or delete its employee benefit plans at any time as it determines in its sole discretion.

(d) Relocation Expenses. The Company shall pay or reimburse Employee for all reasonable and necessary relocation expenses incurred or paid by Employee in the relocation of his principal residence from Hudson, Ohio, to Suwanee, Georgia, as set forth in the Relocation Expense Payment attached hereto as Exhibit "B." Such payment or reimbursement shall be subject to Employee
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providing substantiating documents of said expenses as may be reasonably requested by the Company.

(e) Other Business Expenses. The Company shall reimburse Employee for his actual out-of-pocket, business expenses that are incurred by Employee and are reasonable and necessary in relation to and in furtherance of Employee's performance of his duties to the Company. Such reimbursement shall be subject to compliance with the Company's reimbursement policies and the provision of substantiating documents of said expenses as may be reasonably requested by the Company.

(f) Vacation. Employee shall be entitled to twenty-four (24) days Paid Time Off (PTO) per year (which includes vacation, illness and other personal time away from work) as

well as seven (7) days of paid holiday in accordance with the Company's normal policies; provided, that vacation shall be taken at such times as shall not unreasonably interfere with the Employee's responsibilities hereunder. Up to five (5) days of unused PTO may be carried forward from one year into the next.

4. Termination. This Agreement may be terminated prior to the expiration
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of the term as follows:

(a) Death or Disability. The Employee's employment hereunder shall terminate automatically upon Employee's death. In such event, Employee's estate shall be entitled to receive any earned and unpaid Base Salary, prorated through the date of death. If the Employee is prevented from performing his material duties hereunder as a result of physical or mental illness, injury or incapacity for either (i) a period of ninety (90) consecutive days or (ii) more than one hundred-eighty (180) days in the aggregate in any twelve (12) month period, then the Company may terminate the Employee's employment upon written notice to Employee. While receiving disability income payments under the Company's disability income plan, the Employee shall not be entitled to receive any Base Salary hereunder, but shall continue to participate in the Company's benefit plans, to the extent permitted by such plans, until the termination of his employment.

(b) For Cause. The Company may terminate the Employee's employment hereunder for Cause at any time upon notice to the Employee setting forth in reasonable detail the nature of such Cause. In the event that the Company terminates Employee's employment for Cause (or Employee resigns from his

employment with the Company), the Company shall not be obligated to pay any salary or other compensation to Employee after the effective date of termination, other than accrued and unpaid Base Salary earned through the date of termination.

(c) Without Cause. In the event the Company terminates this Agreement without Cause, then Employee shall be entitled to (i) severance pay in the form of continuation of his annualized Base Salary for a period of one (1) year from the date of such termination, which shall be paid in accordance with the Company's regular payroll practices and subject to any and all withholdings pursuant to applicable law, and (ii) a pro rata portion of his incentive bonus, if any, contemplated by Section 3(a) for the quarter in which his employment terminated based upon the number of days in the quarter elapsed prior to such termination. In addition, the Company shall continue to provide, through COBRA or otherwise, medical insurance coverage contemplated by Section 3(c) for a period of twelve months following the date of Employee's termination without Cause, or Employee's earlier commencement of employment with any other entity. Payment of the severance benefits set forth herein shall be subject to Employee's continued compliance with the provisions of Section 5 hereof.

(d) Change of Control. The Employee may terminate his employment hereunder at any time during the three (3) month period beginning three (3) months after a Change of Control has occurred by written notice given to the Company. In the event of such termination:

(i) The Company shall continue to pay to the Employee his Base Salary as of the date of the Change of Control for a period of twelve (12) months from the date of termination.

(ii) The Company shall pay to the Employee a pro rata portion of his incentive bonus, if any, contemplated by Section 3(a) for the quarter in which his employment terminated based upon the number of days in the quarter elapsed prior to termination.

(iii) The Company shall continue to provide Employee with the medical insurance coverage contemplated by Section 3(c), through COBRA or otherwise, for a period equal to the earlier of (x) twelve (12) months from the date of termination or (y) Employee's commencement of employment with any other entity.

(iv) The unvested portion of Employee's stock options shall vest in accordance with the provisions of the Stock Option Agreement.

5. Protective Covenants. Employee is, and will become during the course of employment, intimately familiar with Confidential Information, Trade Secrets, products and services, and other property of the Company. The protection of the Company requires that all such property and information must remain the sole and private property of the Company to be used only for the Company's benefit, not to be disclosed to any other party nor used by Employee against the Company or for the benefit of any other person. Employee shall, upon request of the Company, and without request promptly on termination of employment, deliver all Company Property in Employee's possession or control to the Company. Employee acknowledges and agrees that title to all Company Property is vested in the Company. In addition, Employee warrants, represents, covenants and agrees, during the term of his employment and for the periods described below, as follows:

(a) Covenant Not to Compete in Certain Ways. By virtue of his position with the Company, Employee shall be given an opportunity to, and shall have an obligation to, participate in strategic planning with respect to competitors of the Company and shall be made privy to the Company's marketing strategy, product development, pricing, timing and other matters specifically designed to address market competition. Employee further acknowledges that the use and/or disclosure by him of such secret information and knowledge would be inevitable in the event Employee were to become engaged by such a competitor in a capacity similar to the capacity in which Employee is employed by the Company. Employee therefore agrees that, for a period of one (1) year following termination of his employment with the Company, he shall not directly or indirectly, within the State of Georgia or within a 100-mile radius of the addresses of the competitors of the Company expressly listed on Exhibit "C"

hereto (the "Named Competitors"), become engaged or employed by any Named Competitor in a capacity substantially identical to the functions and duties Employee performs on behalf of the Company. Employee acknowledges that the Named Competitors designated on Exhibit "C" are the key competitors of the Company as of the date hereof. Employee acknowledges and agrees

that there are many other entities with whom Employee can profitably use his skills and abilities, including other competitors of the Company, and that it is entirely proper and reasonable for him to agree not to work for the Named Competitors in the prescribed capacity for the prescribed times and within the prescribed locations. The parties agree that Exhibit "C" may be updated and amended from time to time by substituting therefor a modified Exhibit "C" that has been signed by both the Company and Employee, and that the Named Competitors shall thereafter refer to the companies listed on such amended Exhibit "C."

(b) Covenant Not to Solicit Business from Certain Customers. The Employee acknowledges that during the course of his employment by the Company, Employee shall have a duty to, and shall be given an opportunity to, make contact with and strengthen ties with Customers and potential Customers of the Company. The Employee shall not, for a period of two (2) years after termination of his employment with the Company, directly or indirectly, for himself or any other person or entity, solicit any Customer for the purchase or license by such Customer of any product or service competitive with any of the products and services which are offered by the Company within the one-year period preceding termination of Employee's employment.

(c) Covenant Not to Solicit Employees. For a period of two (2) years following the date of termination of his employment with the Company, Employee shall not, directly or indirectly, for himself or any other person or entity, employ, solicit or recommend the employment of any employee of the Company for the purpose of causing such employee to take employment with Employee or any other person or entity until such employee or former employee has ceased to be employed by the Company for a period of six (6) months.

(d) Covenant Not to Disclose Confidential Information or Trade Secrets. Employee shall not disclose to any person whatsoever or use any Trade Secrets or Confidential Information of the Company, other than as necessary in the fulfillment of his duties to the Company in the course of employment. This paragraph shall be effective during the term of this Agreement and for a period of two (2) years after termination of employment with respect to all Confidential Information, and shall remain in effect with respect to all Trade Secrets so long as such information remains a trade secret under applicable law.

6. Mutual Non-disparagement. The Company and the Employee agree that neither party will undertake any disparaging or harassing conduct directed at the other at any time during the Term of this Agreement or following termination hereof.

7. Employee's Obligations Upon Termination. Upon the termination of Employee's employment hereunder for whatever reason, Employee automatically tenders Employee's resignation from any office Employee may hold with the Company, and Employee shall not at any time thereafter represent himself to be connected or to have any connection with the Company or its related entities.

8. Assignment. Due to the personal service nature of Employee's obligations, Employee may not assign this Agreement. Subject to the restrictions in this Section, this

Agreement shall be binding upon and benefit the parties hereto, and their respective heirs, successors or assigns.

9. Legality and Severability. The parties covenant and agree that the provisions contained herein are reasonable and are not known or believed to be in violation of any federal, state, or local law, rule or regulation. In the event a court of competent jurisdiction finds any provision herein (or subpart thereof) to be illegal or unenforceable, the parties agree that the court shall modify said provision(s) (or subpart(s) thereof) to make said provision(s) (or subpart(s) thereof) and this Agreement valid and enforceable. Any illegal or unenforceable provision (or subpart thereof), or any modification by any court, shall not affect the remainder of this Agreement, which shall continue at all times to be valid and enforceable.

10. Entire Agreement; Modification; Governing Law. This Agreement constitutes the entire understanding between the parties regarding the subject matters addressed herein and supersedes any prior oral or written agreements between the parties. This Agreement can only be modified by a writing signed by both parties, and shall be interpreted in accordance with and governed by the laws of the State of Georgia without regard to the choice of law provisions thereof. Notwithstanding the foregoing, the protective provisions contained in Paragraph 5 hereof shall be governed and enforced in accordance with the laws of the state in which enforcement of such provisions is sought.

11. Negotiated Agreement. Employee and the Company agree that this Agreement shall be construed as drafted by both of them, as parties of equivalent bargaining power, and not for or against either of them as drafter.

12. Review and Voluntariness of Agreement. Employee acknowledges Employee has had an opportunity to read, review, and consider the provisions of this Agreement, that Employee has in fact read and does understand such provisions, and that Employee has voluntarily entered into this Agreement.

13. Non-Waiver. The failure of the Company to insist upon or enforce strict performance of any provision of this Agreement or to exercise any rights or remedies thereunder will not be construed as a waiver by the Company to assert or rely upon any such provision, right or remedy in that or any other instance.

14. No Conflicting Obligations. Employee hereby acknowledges and represents that Employee's execution of this Agreement and performance of employment-related obligations and duties for the Company as set forth hereunder will not cause any breach, default or violation of any other employment, non-disclosure, confidentiality, non-competition or other agreement to which Employee may be a party or otherwise bound. Employee hereby agrees that he will not use in the performance of his duties for the Company (or otherwise disclose to the Company) any trade secrets or confidential information of any prior employer or other person or entity if and to the extent that such use or disclosure may cause a breach or violation of any obligation or duty owed to such employer, person, or entity under any agreement or applicable law.

15. Forum; Encorcement. In the event of litigation arising from this Agreement, Employee hereby expressly consents to jurisdiction and venue in any State or Federal Court sitting in Fulton County, State of Georgia, and waives any objections to such jurisdiction and venue. Employee further agrees that if Employee were to breach the provisions of Section 5 or 6 hereof, the Company would be irreparably harmed and therefore, in addition to any other remedies available at law, the Company shall be entitled to equitable relief, including without limitation, specific performance and preliminary and permanent injunction, against any breach or threatened breach of said Sections 5 and 6, without having to post bond.

16. Notices. Any notice or other communications under this Agreement shall be in writing, signed by the party making the same, and shall be delivered personally or sent by certified or registered mail, postage prepaid, addressed as follows:

If to Employee: Mark D. Gagne
7438 Andover Way
Hudson, Ohio 44236

If to the Company: Clarus Corporation
3970 Johns Creek Court
Suwanee, Georgia 30024
Attention: Chief Executive Officer

or to such other address as may hereafter be designated by either party hereto. All such notices shall be deemed given on the date received.

17. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) "Cause."

(i) The Employee's repeated failure to perform (other than by reason of disability), or gross negligence in the performance of, his material duties and responsibilities hereunder and the continuance of such failure or negligence for a period of thirty (30) days after notice to the Employee;

(ii) Material breach by the Employee of any provision of this Agreement or any other written agreement between the Employee and the Company or any of its affiliates; and

(iii) Other conduct by the Employee that involves a material violation of law or breach of fiduciary obligation on the part of the Employee or is otherwise materially harmful to the business, interests, reputation or prospects of the Company or any of its affiliates.

(b) "Change of Control" shall have the meaning set forth in the Stock Option Agreement, which for convenience, is duplicated below:

For the purposes herein, a "Change of Control" shall be deemed to have occurred on the earliest of the following dates:

(i) The date any entity or person shall have become the beneficial owner of, or shall have obtained voting control over, (X) fifty-one percent (51%) or more of the outstanding Common Stock of the Company if the Company's stock is not then registered with the SEC and publicly traded or (Y) forty percent (40%) or more of the outstanding Common Stock of the Company if the Company has consummated its initial public offering;

(ii) The date the stockholders of the Company approve a definitive agreement (A) to merge or consolidate the Company with or into another corporation, in which the Company is not the continuing or surviving corporation or pursuant to which any shares of Common Stock of the Company would be converted into cash, securities or other property of another corporation, other than (X) a merger or consolidation of the Company in which holders of Common Stock immediately prior to the merger or consolidation have the same proportionate ownership of Common Stock of the surviving corporation immediately after the merger as immediately before and (Y) a merger or consolidation of the Company in which holders of Common Stock immediately prior to the merger or consolidation continue to own at least a majority of the combined voting securities of the Company (or the surviving entity) outstanding immediately after such merger or consolidation, or (B) to sell or otherwise dispose of all or substantially all the assets of the Company; or

(iii) The date there shall have been a change in a majority of the Board of Directors of the Company within a 12-month period unless the nomination for election by the Company's stockholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 12-month

period.

(c) "Company Property." All property, including, without limitation, real, personal, tangible or intangible, including all computer programs, electronic data, educational or instructional materials, inventions, Confidential Information, Trade Secrets, facilities, trade names, logos, patents, copyrights and all tangible materials and supplies (whether originals or duplicates and including, but not in any way limited to, computer diskettes, brochures, materials, sample products, video tape cassettes, film, catalogs, books, records, manuals, sales presentation literature, training materials, calling or business cards, customer records, customer files, customer names, addresses and phone numbers, directives, correspondence, documents, contracts, orders, messages, memoranda, notes, circulars, agreements, bulletins, invoices and receipts), which in any way pertain to the Company's business, whether furnished to Employee

by the Company or prepared, compiled or acquired by Employee while employed by the Company, all being the sole property of the Company.

(d) "Confidential Information." All information or material regarding the Company's business that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, or information which if disclosed without authorization could be detrimental to the business of the Company, including, but not limited to, its business plans, marketing plans, methods of operation, products, software programs, documentation of computer programs, programming procedures, algorithms, formulas, equipment, techniques, existing and contemplated services, inventions, systems, devices (whether or not patentable), financial information and practices, plans, pricing, selling and marketing techniques, proposals or bids for actual or potential customers, names, addresses and phone numbers of the Company's customers, credit information and financial data of the Company and the Company's customers, particular business requirements of the Company's customers, and special methods and processes involved in designing, producing and selling the Company's products and services, all shall be deemed Confidential Information and the Company's exclusive property; provided, however, that Confidential Information shall not include information that has entered the public domain other than through the actions of Employee. Confidential Information shall also include the foregoing types of information with respect to all affiliates of the Company.

(e) "Customer." Customer means any customer or prospective customer of the Company with whom Employee had Material Contact during the twelve (12) months immediately preceding the termination of the Employee's employment with the Company.

(f) "Material Contact." Material Contact means interaction between the Employee and the customer or potential customer which takes place in an effort to further the business relationship, and shall be deemed to exist between the Employee and each customer or potential customer of the Company with whom the Employee dealt; whose dealings with the Company were coordinated or supervised by the Employee; or about whom the Employee obtained and used confidential information in the ordinary course of business as a result of such Employee's association with the Company.

(g) "Trade Secrets." All information, including, but not limited to, technical or non-technical data, formulas, patterns, programs, devices, methods, processes, financial data, product plans or a list of actual or potential customers or suppliers, which derives economic value from not being generally known and which is the subject of reasonable efforts by the Company to maintain its secrecy.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their hands and seals as of the date first above written.

THE COMPANY:

CLARUS CORPORATION

By: /s/ Stephen P. Jeffery

Stephen P. Jeffery, President and CEO

EMPLOYEE:

/s/ Mark D. Gagne

Mark D. Gagne

EXHIBIT "A"

Employee's Management Business Objectives are defined as performance by the Employee of the duties customary to the Employee's position and status, as requested by the Chief Executive Officer of the Company in conjunction with the business strategy and objectives of the Company.

EXHIBIT "B"

Relocation Expense Payment

HOME ASSISTANCE EXPENSE TO INCLUDE:

. Real estate brokers commission for Employee's home at 7438 Andover Way, Hudson Ohio
. Closing costs to include all expenses incurred for the sale of Gagne home at 7438 Andover Way, Hudson Ohio

HOME BUYING ASSISTANCE EXPENSES TO INCLUDE:

. House hunting trips/expenses including lodging, meals, baby-sitting, laundry, telephone, transportation, etc.. for Employee and family
. Home buying expenses, including legal fees, loan application fees, loan origination fees, state transfer taxes, home inspection fees, pre-purchase property appraisal, escrow fees, radon-testing and any other actual expenses incurred in conjunction with the purchase of a new home

RELOCATION EXPENSES TO INCLUDE:

. Family relocation epenses or air travel, rental car, hotel or motel and meals
. Transportation of household goods, pickup and delivery, packing and unpacking,
. Transportation of automobiles
. Any miscellaneous expenses incurred as a result of Employee's move to Suwanee, Georgia area

EXHIBIT "C"

List of Competitors Pursuant to Section 5 of Agreement

Name:	Address:
1. Ariba Corporation	1565 Charleston Road Mountain View, CA 94043
	And

600 Northpark Town Center
1200 Abernathy Road
Atlanta, GA 30328

2. Commerce One CarrAmerica Corporate Center
Buildings #1 & #4
4440 Rosewood Drive
Pleasanton, CA 94588

3. Purchase Pro 3291 North Buffalo Drive
Las Vegas, Nevada 89129

Printed Name of Employee:

Mark D. Gagne

/s/ Mark D. Gagne
- ----------
Signature of Employee

Date: January 13, 2000

CLARUS CORPORATION

By: /s/ Stephen P. Jeffery

Stephen P. Jeffery,
Chief Executive Officer

Date: January 13, 2000

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