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NEWS... FOR IMMEDIATE RELEASE

Two Step Customers See Growing Concern Over Corporate Governance in 2006

*Tracking Corporate Governance and Stock Plan Information is Essential
in Age of Sarbanes-Oxley, Stock Option Scandals and Compensation Reform*

December 28, 2006, Needham, MA — Two Step Software, Inc., a leader in corporate governance and stock plan administration solutions, reported today that both customers and new prospects are expressing a growing concern over corporate governance issues.

Says Two Step's President and Founder, Gary D. Levine, "In the current post-Enron, Sarbanes-Oxley business environment, more and more of our customers are finding that senior management, boards and investors are increasingly concerned with corporate governance issues, especially after the recent stock option backdating scandals. Our customers are telling us that good corporate governance is a prerequisite for doing business in this new environment. In fact, many tell us that just the fear of an error in their records or missing a legal document has the potential to slow down business deals and investments, if not cancel them altogether."

With all of the media attention to stock options in 2006, experts have noted that the integration of corporate governance records and stock option tracking is more important than ever. As Levine observes, "Whereas previously companies were satisfied with having their corporate entity and capitalization records in separate systems, what we're hearing today is that they need full integration to create digital audit trails, improve records management, and help prevent fraud."

Interestingly, Levine notes that Two Step is hearing this from all types of companies, regardless of size or market, law firm or high-tech startup, public or private. They are increasingly concerned with corporate governance issues and avoiding the kinds of tax and accounting problems that arise from the complexity of stock and option management.

For example, the following companies have commented that they need to keep their corporate governance information well organized and accessible, not just to meet the requirements of the new regulatory environment, but to take advantage of business opportunities that often come with tight deadlines.

McGuireWoods LLP

At McGuireWoods LLP, one of the nation's largest law firms, Scott Glickson, Co-Chair of the Technology and Business Department and Leader of the Corporate & Finance Practice Group, said that what makes the task of corporate recordkeeping in an environment of added scrutiny particularly challenging is the profile of their typical client, "Many are high-tech startups

with sophisticated legal needs and complex financing requirements. Often, they are involved in financing transactions with angel investors or VC investors and creating relatively complicated capital structures. Clients look to us to give them information about those structures when they need it.”

When working on a complex transaction, it is critical that attorneys have immediate access to all relevant agreements so they can be confident that the terms of each have been taken into account. With Corporate Focus, Glickson now has all of the executed documents organized in one central location and is confident that everything has been considered. Glickson cites an example, “We were working on a client’s financing transaction — a restructuring — which also included a restructuring of their board. This was the fifth round of financing so there were lots of moving pieces. We were verifying that everything was in compliance with the stockholder agreements when Corporate Focus flagged a term from another document that set the parameters by which the board is structured.” Corporate Focus ensures that key documents and relevant provisions are never missed.

Morse, Barnes-Brown & Pendleton, P.C.

Morse, Barnes-Brown & Pendleton uses Corporate Focus to track stock and option ownership, board of director resolutions, corporate filings, and other data that is vital to good corporate governance. He cited a recent \$70 million venture capital deal as a prime example.

“Corporate Focus played a critical role in that transaction,” Parker says. “Our client knew it was going to be one of the biggest transactions of the year and that there were literally hundreds of private shareholders and option holders whose equity positions had to be coordinated very carefully. When you’re talking about the stock holdings — not of eight equity holders but of hundreds — the whole question of getting it right within a reasonable period of time just becomes critical. Without Corporate Focus, it would have taken our legal assistants several days and nights of coordinating who owned what and how much they owned. Corporate Focus saved hundreds of hours of data collection and complex calculations.”

“Capitalization can be enormously complicated, especially for venture-backed companies, once you add layer upon layer of venture capital financing. Preventing errors in the relative rights of shareholders and how that gets reported to the board — and the actions that the board takes — avoids negative consequences to the company and, of course, negative consequences for us.”

Petters Group Worldwide

Tom Kelly is the Vice President of SpringWorks, LLC, a venture capital unit of Petters Group Worldwide. Kelly also serves as the acting CFO for SpringWorks and many of its portfolio companies. SpringWorks needed a centralized, secure solution that could manage its complex ownership records while also serving as a repository for crucial governance documents, such as contracts, leases, board minutes and other legally required information.

“Many of our companies have gone through more than one round of funding,” says Kelly. “And in my experience, capitalization tables only get more complicated with each round, as new owners and options get added to the mix.” SpringWorks knew their capitalization tables had to be ready for investor inquiries at any time and that they must be 100% accurate. Any delay or any error, no matter how small, could raise the level of scrutiny and obstruct otherwise smooth deliberations.

When Kelly and his colleagues looked at competing systems, they found that “no other system combined corporate governance tracking and complex ownership tracking.” SpringWorks has found that by consolidating the ownership records — along with all of the governing documents, minutes of meetings, corporate filings, contracts, intellectual property records and other legal documents — into a single system, Corporate Focus helps accelerate its portfolio companies’ future deals.

Secur*Glass Corporation

Corporate Focus helped Secur*Glass, a major supplier to the Iraq war effort, to maintain good corporate governance controls while experiencing exponential growth. This was important to the company since, in the current environment, investors are scrutinizing companies more carefully and analyzing due diligence in greater detail. According to Ron Sivertson, Chief Financial Officer of Secur*Glass, "Potential investors want to see agreements already in place, the covenants in those agreements, and their terms and conditions." In order to reduce the likelihood of surprises during the due diligence process, Secur*Glass selected Corporate Focus to enable them to provide timely responses to requests for information and demonstrate good corporate governance practices.

"We not only save valuable time looking for documents, we also avoid the risks such as costly litigation and legal fees by not missing a key covenant or not having an accurate stock ledger. Corporate Focus validates the accounting of outstanding shares in our stock ledgers," Sivertson said. "It ensures that all relevant information is properly recorded and accessible ... I think any venture capitalist would love to know that the companies in which they invest use Corporate Focus. It lays the groundwork for compliance down the road. My philosophy is that compliance is much easier to implement and make part of the culture if you do it early. The regimen we have now with Corporate Focus is a base that will serve us well later when we face more significant issues."

Sterigenics International, Inc.

Corey Grauer, Vice President, General Counsel and Secretary at Sterigenics International, Inc., the global leader in sterilization services, had a set of high expectations regarding the company's corporate governance and ownership documentation: "The CFO and I thought it would be great if we could take the documents we just compiled [for another transaction] and bring them into our own system. There, we could continually update our documents and build off of what we had just created. And if we were to refinance or get involved in a significant transaction, we would be that far ahead ... We evaluated Two Step's system and its costs and concluded that Corporate Focus was the most economically efficient product for us ... It keeps our company in a good position for future transactions. All of our crucial information is in one intuitive place. Using Corporate Focus helps us fulfill our mission of being prepared for whatever the future offers."

More Scrutiny Anticipated in 2007

These comments from Two Step's customers clearly indicate that corporate governance has been a growing concern over the past year and should continue to be in 2007. Levine concludes, "The level of scrutiny applied to all types of business transactions today is much greater than before the recent corporate accounting and stock option scandals. Every company must be certain that its corporate governance information is in order and at its fingertips. It's better to be prepared than risk mistakes in the 'mad rush' to present corporate governance materials for a key event – be it a business transaction, investment, merger, acquisition, board meeting, or upcoming IPO."

About Two Step Software, Inc.

Founded in 1995, Two Step Software, Inc. develops, markets and supports Corporate Focus, the market leading corporate governance and stock plan administration application used by the nation's leading law firms and corporate legal departments. Corporate Focus is the only software application that combines stock and option tracking with corporate governance information management so that all corporate records can be found in one place. Two Step Software is located in Needham, Massachusetts. For more information, visit their web site at: www.twostep.com or call (800) 223-8900.

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