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**TWO STEP SOFTWARE FINDS CHIEF FINANCIAL OFFICERS STRUGGLING TO MEET
GREATER FAS 123R REQUIREMENTS AND INCREASED SCRUTINY BY AUDITORS**

Recent "Straight-Talk on FAS 123R Compliance" Webinar Draws Hundreds of Financial Executives

May 9, 2007, Needham, MA — Two Step Software, Inc., a leader in corporate governance and stock plan administration solutions, today announced that more than 500 CFOs and other financial and accounting professionals attended their recent webinar: *Straight-Talk on FAS 123R Compliance: Five Things Your Auditors Will Want to Know*. The impressive number of attendees underscores the fact that companies are still feeling the stress of trying to understand and comply with the new FAS 123R requirements. A recorded version of the webinar and the related materials are available on-demand at: www.twostep.com/fasondwebinar.

During the 60-minute live, online presentation, two nationally recognized experts – Peter Suzman, Managing Partner of FAS123 Solutions, LLC and Brock Benson, Founding Partner of iComp LLC – joined Two Step Software's President and Founder, Gary Levine, to address key questions non-public companies face with respect to FAS 123R valuation and expensing and offered advice to help company executives make the audit review process easier. The panelists provided attendees with a number of key recommendations, including the fact that:

- Black-Scholes continues to be the best method for valuing plain vanilla employee stock options.
- Organizations should determine a company's fair market value using any method that satisfies the "reasonableness standard," although companies should aim to comply with the Sec. 409A safe harbors.
- Auditors expect to review both volatility and expected term carefully, using public peer group companies as a benchmark for determining volatility.
- Companies must use estimated forfeiture rates when amortizing equity compensation expense and then "true-up" based on actual forfeitures.
- The best way to satisfy auditors – and ensure there are no gaps in the data that could raise red flags – is to use an integrated system for stock option administration, valuation and expensing, and managing supporting legal documentation.

Throughout the webinar, the panel polled audience members as to how prepared they felt they were when it comes to complying with FAS 123R. “We confirmed by polling the audience during the webinar that, despite the additional complexity of FAS 123R and pressure from outside auditors to move to more automated systems, most financial executives are still using spreadsheets to track their companies’ stock option plans,” said Levine. “Our ongoing commitment is to help CFOs, controllers, and other financial executives of privately held, venture-backed companies to be better prepared for their next audit cycle and ensure there are no gaps in their tracking that could raise red flags.”

About Two Step Software, Inc.

Founded in 1995, Two Step Software, Inc. develops, markets and supports Corporate Focus™ and Equity Focus™, market leading corporate governance and stock plan administration solutions used by financial executives, stock plan administrators, law firms, and corporate legal departments. Two Step Software offers the only software applications that combine 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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