

**2**

**PROMISSORY NOTE**

\$300,000

Santa Barbara, California  
Date of Note: March ~~29~~, 2001

30  
MPF

FOR VALUE RECEIVED, the undersigned, MELINDA PILLSBURY-FOSTER, an individual residing in Santa Barbara County, California ("Maker"), hereby promises to pay to the order of GREEN HILLS SOFTWARE, INC., a Delaware corporation ("Payee"), at 30 West Sola Street, Santa Barbara, California 93101, or such other place as may be designated in writing by Payee, the principal sum of Three Hundred Thousand Dollars (\$300,000.00) (the "Principal Sum"), together with interest at the rate, on the dates and in the manner hereinafter specified in the Note.

1. Maturity Date. The Maturity Date of this Note is the fifth anniversary of the Date written above, unless such Maturity Date is accelerated or extended in accordance with the provisions of this Note. If the Maturity Date, or any other date material to this Agreement, shall be a Saturday, Sunday or legal holiday in the State of California, then the next succeeding business day shall be substituted therefor.

2. Interest Rate and Payments.

(a) Interest on the outstanding unpaid Principal Balance (as hereinafter defined) shall accrue from the date of this Note written above, at the rate of six percent (6.00%) simple interest, and shall be paid with the remaining Principal Balance on the Maturity Date.

(b) The Principal Balance shall be due and payable in full on the Maturity Date of this Note,

(c) Payments shall be made in money of the United States of America, lawful at such times for the satisfaction of public and private debts, and shall be in immediately available funds.

(d) The excess of borrowings over repayments of principal shall be the Principal Balance of this Note from time to time. The books and records of the Payee shall be evidence of any Advance, the outstanding Principal Balance, accrued interest thereon, and any payment of principal or interest by Maker hereunder.

3. Representations and Warranties. Maker represents and warrants the following:

(a) Authority. Maker has full power and authority to consummate the transactions contemplated hereby.

(b) Actions, Suits or Proceedings. There are no actions, suits or proceedings pending, or to the knowledge of Maker threatened against or affecting it, or before or by any governmental authority, and to Maker's knowledge it is not in default with respect to any order, writ, injunction, decree or demand of any court or any governmental authority.

(c) No Conflicts. The consummation of the transaction hereby contemplated and performance of this Note will not result in any breach of, or constitute a default under, any deed of trust, lease, bank loan or credit agreement, or other instrument to which Maker is a party or by which it may be bound.

4. Security; No Personal Liability. This Note is secured by, and entitled to the benefit of, the Security Agreement entered into contemporaneously with the execution of this Note. If Maker defaults in any obligations imposed by this Note or the Security Agreement, Payee agrees to look only to the Collateral described in the Security Agreement for repayment of principal and interest on this Note, and to waive other recourse against Maker or any other assets or interests therein owned by Maker at any time.

5. Waivers By Maker. Maker hereby waives all presentments, demands for performance, notices of non-performance, protests, notices of protest, notices of dishonor, and all other demands and notices in connection with the delivery, acceptance, performance default or enforcement of this Note. The right to plead any and all statutes of limitation as a defense to this note is hereby expressly waived by the undersigned to the full extent permitted by law.

6. Late Charge. If any payment of interest or principal is not received within fifteen (15) days of the due date, a late charge of one percent (1%) of the installment due shall be assessed and shall be due and payable in addition to the unpaid installment.

7. Attorneys' Fees and Collection Charges. Maker promises to pay costs of collection and reasonable attorneys' fees if default is made in the payment of this Note, regardless of whether or not suit is filed hereon.

8. Extension of Maturity.

(a) Provided that Maker is not then in uncured default in the performance of any of her obligations under this Note, the Security Agreement, or the Settlement Agreement and Release of Claims dated as of March ~~30~~, 2001 ("Settlement Agreement"), which contemplates the issuance of this Note, Maker may extend the Maturity Date for this Note until the first to occur of the following dates: (i) the tenth anniversary of the date of this Note, (ii) six months after the earliest date on which Green Hills is then a reporting company under the Securities Exchange Act of 1934 (a "Reporting Company"), and the sale of its shares underlying the Franklin B Options (as such term is defined in the Agreement) is not "locked up" or restricted in a manner that would prevent their sale at market value. This option to extend is exercisable by written notice to Payee, given not more than ninety nor less than fifteen days before the original Maturity Date set forth above.

(b) Notwithstanding the provisions of Section 2, above, if Maker exercises her option to extend the maturity of this note as provided in this Section 7, then (i) Maker shall make interest payments, at the rate set forth in Section 2 above, on the full outstanding balance due on this Note at the initial Maturity Date (including the Principal Balance and all accrued and unpaid interest), at quarterly intervals commencing 90 days after the original Maturity Date, with the principal balance due at the extended maturity date unless accelerated pursuant to the within provisions of this Note, and (ii) Payee shall have the option, exercisable by written notice to Maker, to accelerate the extended maturity date with respect to the full balance due under this Note (including the Principal Balance and all accrued and unpaid interest) to a date which is not earlier than six months after the earliest date on which Green Hills is a Reporting Company, and the sale of its shares underlying the Franklin B Options (as such term is defined in the Agreement) is not "locked up" or restricted in a manner that would prevent their sale at market value.

9. Default; Acceleration. Payee may, at its option, declare the entire unpaid balance of this Note, together with all accrued interest and other charges, to be immediately due and payable, and Payee may proceed to exercise any or all of its rights or remedies under this Note and the Security Agreement at law or in equity upon the occurrence of any of the events set forth below (individually, an "Event of Default"):

(a) Maker shall fail to make any payment when due;

(b) Maker shall commit a breach or default of any of its obligations under this Note, or under the Settlement Agreement which contemplates the issuance of this Note, unless such breach is timely cured after notice from Payee;

(c) Maker shall execute an assignment for the benefit of creditors or shall permit the appointment of a receiver, custodian, liquidator or trustee in bankruptcy, or shall file a petition in bankruptcy or other similar proceeding under law for relief of debtors.

10. Prepayment. This Note may be prepaid, in whole or in part, at any time without payment of any fee therefor.

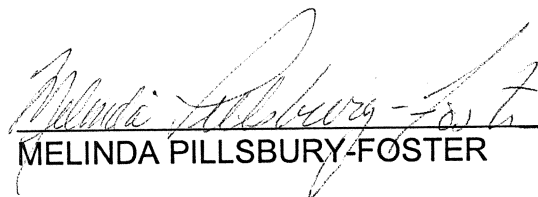
11. No Waiver. No single or partial exercise of any power hereunder shall preclude other or further exercise thereof or the exercise of any other power. The holder of this Note shall at all times have the right to proceed against any portion of the security held herefore in such order and in such manner as the holder may deem fit, without waiving any rights with respects to any other security. No delay or omission on the part of the holder hereof in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Note. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter or to preclude the exercise of any other rights which Payee may have.

12. Governing Law. This Note and the rights and obligations of the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to agreements executed and to be performed in the State of California, irrespective of its choice-of-law provisions. Maker hereby submits to the jurisdiction of the Superior Court of the State of California, sitting in the County of Santa Barbara, for the enforcement of Maker's obligations hereunder. To the fullest extent permissible Maker waives any defense to such jurisdiction including without limitation any defense based on venue or inconvenient forum.

13. Any Notices. Notice required or permitted to be delivered by the terms hereof shall be given it the manner and to the addresses set forth in the Settlement Agreement.

IN WITNESS WHEREOF, the undersigned has signed this note as of the date first written above.

MAKER:

  
MELINDA PILLSBURY-FOSTER

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## SECURITY AGREEMENT

This Pledge and Security Agreement ("Security Agreement") is made as of March 30, 2001, among GREEN HILLS SOFTWARE, INC., a Delaware corporation ("Pledgee"), and CRAIG FRANKLIN ("FRANKLIN") and MELINDA PILLSBURY-FOSTER ("FOSTER"), individuals (collectively, "Pledgors").

### Recitals

1. The Parties hereto have entered into a Settlement Agreement and Release of Claims ("Settlement Agreement") dated as of the date hereof, to which this Agreement is annexed as Exhibit E and made a part thereof. All terms defined in the Settlement Agreement shall have the meanings ascribed to them unless otherwise specified in this Security Agreement therein.

2. The Settlement Agreement provides for loans to be made by Pledgee to FOSTER, creates certain rights, and imposes certain obligations on the parties hereto with respect to certain stock options originally granted to FRANKLIN, which are defined in the Settlement Agreement and referred to herein as the "Franklin B Options".

3. Pursuant to the Settlement Agreement, FOSTER has borrowed the sum of \$300,000.00 from Pledgee, pursuant to the terms of a Note bearing even date herewith (the "Note"), and has the right, under certain conditions, to borrow additional sums under the terms and conditions set forth in the Settlement

Agreement (the amounts so borrowed and to be borrowed in the future are referred to collectively as the Indebtedness). Pledgors have agreed to provide Pledgee with a security interest in the Franklin B Options, and any shares of common stock that may be issued upon exercise of the Franklin B Options, to further secure the payment in full of the Note, any future notes that may be issued pursuant to the terms of the Settlement Agreement, and the due and punctual performance of all covenants and agreements contained in this Agreement, the Note and all future notes contemplated by the Settlement Agreement, and the Settlement Agreement, including but not limited to withholding tax obligations.

NOW, THEREFORE, it is agreed as follows:

1. Creation and Description of Security Interest.

(a) In consideration of the loan of \$300,000.00 to FOSTER under the Note, and the promises, covenants and conditions of the Settlement Agreement, Pledgors hereby pledge (i) all of the Franklin B Options as defined in the Settlement Agreement and (ii) all Shares of stock of Pledgee issuable upon exercise of any one or more of the Franklin B Options (the "Shares", which together with the Franklin B Options are herein sometimes referred to as the "Collateral").

Pledgors herewith deliver the agreements and notices of grant for said Franklin B Options to the Secretary of Pledgee ("Pledgeholder"), who shall hold the Collateral subject to the terms and conditions of this Security Agreement.



(b) The Franklin B Options (together with an executed blank stock assignment for use in transferring all or a portion of the Collateral to Pledgee if, as and when required pursuant to this Security Agreement) shall be held by the Pledgeholder as security for the obligations set forth and the on Pledgors pursuant to the Settlement Agreement and the indebtedness, and any amendments, modifications, extensions or renewals thereof. The Pledgeholder shall not encumber or dispose of such Collateral except in accordance with the provisions of this Security Agreement and the Settlement Agreement.

2. Pledgor's Representations and Covenants. To induce Pledgee to enter into this Security Agreement, each Pledgor (or, where so stated, only Foster) represents and covenants to Pledgee, its successors and assigns, as follows:

(a) Payment of Indebtedness. Foster will pay the principal sum of the Indebtedness secured hereby, together with interest thereon, at the time and in the manner provided in the Note and any future Notes that may be issued in connection with additional extensions of credit pursuant to the Settlement Agreement.

(b) Encumbrances. The Franklin B Options are free of all other encumbrances, defenses and liens, and Pledgor will not further encumber the Collateral without the prior written consent of Pledgee.

(c) Margin Regulations. In the event that Pledgee's Common Stock is now or later becomes margin-listed by the Federal Reserve Board and Pledgee is

classified as a "lender" within the meaning of the regulations under Part 207 of Title 12 of the Code of Federal Regulations ("Regulation G"), Pledgor agrees to cooperate with Pledgee in making any amendments to the Note, any future notes, or providing any additional collateral as may be necessary to comply with such regulations.

3. Stock Adjustments. In the event that during the term of the pledge any stock dividend, reclassification, readjustment or other changes are declared or made in the capital structure of Pledgee, or Pledgee becomes a party to a merger or consolidation or other corporate reorganization in which it is not the surviving entity, all new, substituted and additional options, shares or other securities issued or issuable by reason of any such change shall be delivered to and held by the Pledgee under the terms of this Security Agreement in the same manner as the Collateral originally pledged hereunder. In the event of substitution of such securities, Pledgor, Pledgee and Pledgeholder shall cooperate and execute such documents as are reasonable so as to provide for the substitution of such Collateral and, upon such substitution, references to "Options and "Shares" in this Security Agreement shall include the substituted options or shares of capital stock of Pledgor which result therefrom.

4. Shares and Rights. If any of the Franklin B Options are exercised, all securities issued upon such exercise shall be held by Pledgeholder, to be held under the terms of this Security Agreement in the same manner as the Collateral pledged.

In the event that either Pledgor receives the certificates issued upon such exercise, he or she shall immediately deliver the certificates to the Pledgeholder.

5. Default. Foster shall be deemed to be in default of the Note and of this Security Agreement in the event:

(a) Payment of principal or interest on the Indebtedness shall be delinquent for a period of 10 days or more; or

(b) Foster fails to perform any of the covenants set forth in the Option, any agreements evidencing relating to the Option, the shares of stock issuable thereunder or the Indebtedness, the Settlement Agreement , or this Security Agreement for a period of 10 days after written notice thereof from Pledgee.

(c) If an Event of Default occurs, as set forth above, Pledgee shall have the right to accelerate payment of the Indebtedness upon notice to Foster. If payment of the amount specified in the notice of acceleration is not made when required by the terms of the Settlement Agreement, and at that time the Franklin B Options are the Collateral held by Pledgeholder, then Pledgee may direct Pledgeholder to cancel a number of Franklin B Options equal to the lesser of (x) the quotient which results from dividing (i) the balance of the outstanding loans which are then due and payable (whether pursuant to Green Hills' declaration or otherwise), increased by applicable withholding taxes that must be remitted at the time of cancellation at the rates set forth in Section D of the Settlement Agreement

by (ii) the then-value per share of the Franklin B Options or (y) all Franklin B Options if such quotient is less than the number of Franklin B Options then outstanding. For this purpose, each Franklin B Option shall be deemed to have a per-share value equal to the per-share value of Pledgee's common stock, as most recently determined by Pledgee for purposes of the Plan or any successor stock option plan or stock grant, less the strike price for each Franklin B Option (which strike price is currently \$1.00 per share, and is subject to adjustment in accordance with the terms of the Plan).

6. Withdrawal or Substitution of Collateral. Pledgors shall not sell, withdraw, pledge, substitute or otherwise dispose of all or any part of the Collateral without the prior written consent of Pledgee, and subject to the terms and conditions of the Settlement Agreement.

7. Term. The pledge of collateral pursuant to this Security Agreement shall continue until the payment of all Indebtedness and obligations secured hereby, at which time the remaining pledged Collateral shall be promptly delivered to Foster in accordance with the terms of the Settlement Agreement.

8. Insolvency. Each Pledgor agrees that if a bankruptcy or insolvency proceeding is instituted by or against it, or if a receiver is appointed for the property of Pledgor, or if Pledgor makes an assignment for the benefit of creditors, the entire amount unpaid on the Note shall become immediately due and payable, and Pledgee may proceed as provided in the case of default.

9. Pledgeholder Liability. In the absence of willful misconduct or gross negligence, Pledgeholder shall not be liable to any party for any of his acts, or omissions to act, as Pledgeholder.

10. Invalidity of Particular Provisions. Pledgors and Pledgee agree that the enforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

11. Counterparts. This Security Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

12. Successors or Assigns. Pledgors and Pledgee agree that all of the terms of this Security Agreement shall be binding on their respective successors and assigns, to the extent provided in the Settlement Agreement, that the term "Pledgor" shall be deemed to refer to both Pledgors, and that the terms "Pledgor" and "Pledgee" as used herein shall be deemed to include, for all purposes, the respective designees, successors, assigns, heirs, executors and administrators of each.

13. Governing Law. This Security Agreement shall be interpreted and governed under the internal substantive laws, but not the choice of law rules, of the State of California.

14. Notice. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if personally delivered, transmitted by facsimile (with mechanical confirmation of transmission), deposited in the United States mail, registered or certified, postage prepaid, or delivered to an overnight courier service addressed to the parties' addresses set forth on the signature page hereof, unless the same shall have been changed by notice in accordance herewith. Notices given in the manner provided for in this Section 14 shall be deemed effective on the third day following deposit in the mail, the date shown on the courier service delivery confirmation if given by overnight courier, or on the day of transmission or delivery if given by facsimile or by hand.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the day and year first above written.

PLEDGORS

Signature: Melinda Pillsbury Foster  
MELINDA PILLSBURY-FOSTER  
Address: 1374 Arroyo St. 1296  
Santa Barbara, CA 93101

Signature: Craig Franklin, by Green Hills Software, Inc.  
CRAIG FRANKLIN attorney in fact  
Address: 30 West 5th St.  
Santa Barbara, CA 93101

PLEDGEE:

GREEN HILLS SOFTWARE, INC.

By: 

Name: Daniel O'Dowd

Title: President

Address: 30 West Sola St.  
Santa Barbara, CA 93101

PLEDGEHOLDER:

By: 

Corporate Secretary,  
Green Hills Software, Inc.

Address: 30 West Sola St.  
Santa Barbara, CA 93101

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**MELINDA PILLSBURY-FOSTER**  
**DURABLE LIMITED POWER OF ATTORNEY**

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

**1. SUBJECT PROPERTY.**

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

**2. LIMITED POWERS.**

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

**2.1. To Comply With Terms Of Agreement**

To do, in my name and stead, all things authorized or required by the Settlement Agreement with respect to the Subject Property, but only in accordance with the terms of the Settlement Agreement and the exhibits thereto, to surrender the Franklin B Options pursuant to the terms of the Settlement Agreement, and the related provisions, notes, Security Agreement, and Financing Statement executed pursuant to the terms hereof, or that may in the future be made to me pursuant to the Settlement Agreement, to cause the delivery of certificates for shares to me or at my written direction following exercise of the Franklin B Options, and to take any or all actions that

may be requested or required of holders of options under the Plan in connection with corporate transactions, including but not limited to, public offerings of securities, mergers, consolidations, sales of assets and the like, and to execute any instruments necessary to effectuate any such transactions, including, but not limited to, assignments, consents, agreements, and stock powers.

**2.2. To Execute Instruments.**

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

**2.3. To Hire Experts.**

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

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

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

**2.5. To Execute Additional Powers Of Attorney.**

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

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

3. **EXCLUDED POWERS.**

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

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

4. **OTHER PROVISIONS.**

4.1. **Prior Powers Of Attorney.**

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

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

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

4.3. **Determination of Incapacity.**

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

(a) When my treating physician certifies in writing that in his or her opinion I am physically or mentally incapable of managing my financial affairs and/or providing for my personal care. If this Durable Power of Attorney becomes effective because of my incapacity and I subsequently regain capacity (which shall be deemed to occur when my treating physician certifies in writing that in his or her opinion I am physically and mentally capable of managing my financial affairs), then this Durable Power of Attorney shall not be revoked but shall become effective again upon my subsequent incapacity determined as provided above. I hereby waive voluntarily any physician/patient privilege that may exist in my favor and I authorize my physician to examine me and disclose my physical or mental condition in order to determine my incapacity or capacity, for purposes of this instrument; provided, however, that my

attending physician who so certifies my incapacity need not incorporate the certification into my records, set forth the facts upon which the determination of incapacity is based, set forth the expected duration of my incapacity, or periodically review his or her determination of incapacity unless requested to do so in any such case by my attorney-in-fact designated herein; or

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

#### 4.4. **Standard Of Care Obligation; Waiver Of Conflict**

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

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

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

I expressly covenant and agree with my attorney-in-fact that the powers hereby conferred shall continue in full force against me, my heirs, executors, administrators and assigns, notwithstanding the express or implied revocation hereof by my death, or otherwise, until my attorney-in-fact receives actual knowledge of my death, or constructive knowledge that the authority granted herein has been suspended, modified or terminated by written notice thereof filed by me or my legal representative for record in the office of the recorder of deeds in the city or county of my residence.

#### 4.6. **Use of Copy or Facsimile.**

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

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

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

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

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

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

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

IN WITNESS WHEREOF, I have executed multiple original copies of this document this 30 day of March, 2001.

Melinda Pillsbury-Foster  
MELINDA PILLSBURY-FOSTER  
Social Security Number: 545-96-3999

1324 Gate St 5296  
Address  
Santa Barbara, CA 93101

Approved As To Form

Lochal A. Foster  
Attorney for Melinda Pillsbury-Foster

STATE OF CALIFORNIA )  
 ) SS  
COUNTY OF SANTA BARBARA )

On March <sup>30</sup>~~29~~, 2001, before me, the undersigned Notary Public, personally appeared MELINDA PILLSBURY-FOSTER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



*Suzanne Spillman*  
\_\_\_\_\_  
Notary Public

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**CRAIG FRANKLIN**  
**DURABLE LIMITED POWER OF ATTORNEY**

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

**1. SUBJECT PROPERTY.**

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

**2. LIMITED POWERS; Exclusion.**

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

**2.1. To Possess And Manage Property.**

To take, hold, possess, and otherwise manage the Subject Property demand, sue for, receive and give effectual discharges for all the dividends, rents, proceeds and profits now due or which shall become due in respect of any of the Subject Property,



## **2.2. To Safekeep Assets.**

To hold and preserve for safekeeping any and all of the Subject Property in such safe deposit vaults, safe deposit boxes or other places of safekeeping as my attorney-in-fact may select; and to have unlimited access to and use of, including the authority to remove any or all contents from, any safe deposit box or other place of safekeeping.

## **2.3. To Comply With Terms Of Agreement**

To do, in my name and stead, all things authorized or required by the Settlement Agreement with respect to the Subject Property, but only in accordance with the terms of the Settlement Agreement, specifically including, but not limited to, the power to exercise the Franklin B Options at Foster's direction, to surrender the Franklin B Options as a result of a default in certain loans made to Foster pursuant to the Settlement Agreement, to cause the delivery of certificates for shares to Foster or at her written directions following exercise of the Franklin B Options, and to take any or all actions that may be requested or required of holders of options under the Plan in connection with corporate transactions, including but not limited to, public offerings of securities, mergers, consolidations, sales of assets and the like, and to execute any instruments necessary to effectuate any such transactions, including, but not limited to, assignments, consents, agreements, and stock powers.

## **2.4. To Invest And Reinvest Assets.**

To invest or reinvest any of my property in such mortgages, deeds of trust, stocks, common or preferred, common trust funds, bonds, debentures, realty, notes, insurance policies or contracts, leases, real estate, securities or other properties as my attorney-in-fact shall think proper.

## **2.5. To Deal With Accounts At Financial Institutions.**

To deposit and withdraw, either in my name, Foster's name, or in the name of my attorney-in-fact, or jointly in more than one name, in or from any financial institution any funds, credits, instruments, or moneys which may now be in or come into the hands of my attorney-in-fact in such capacity, with respect to the Subject Property or its proceeds including the power to sign checks on my behalf as drawer and to negotiate checks made payable to me, as to any checking or savings account, money market fund or other similar account, in which such funds may be held.

## **2.6. To Act As Proxy With Respect To Securities.**

To act as my attorney or proxy in respect to any stocks, securities, shares or other investments, rights or interests derived from the Subject Property I may now or hereafter hold, to vote any such securities or shares owned by me at the meetings of any company or companies, upon any and all corporate matters, and otherwise to act as my proxy or representative in respect to any such securities or shares now held or which may hereafter be acquired by me, and for that purpose also to sign and execute

any proxies or other instruments in my name and on my behalf, and to place any such securities or shares in any voting trust or voting agreement of any type and for any period of years.

**2.7. To Execute Instruments.**

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

**2.8. To Hire Experts.**

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

**2.9. To Bring Or Defend Legal Suits.**

To institute, prosecute, defend, compromise or arbitrate all legal, equitable or administrative actions, suits, attachments, or other proceedings, or otherwise engage in litigation in my name or in the name of my attorney-in-fact, with respect to the Subject Property.

**2.10. To Appoint Successor And Substitute Attorneys-In-Fact.**

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

**2.11. To Execute Additional Powers Of Attorney.**

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

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

3. **EXCLUDED POWERS.**

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

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

4. **OTHER PROVISIONS.**

4.1. **Revocation Of Prior Powers Of Attorney.**

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

4.2. **Indemnification by My Attorney-In-Fact.**

My attorney-in-fact shall indemnify me and hold me harmless from any claims or liability resulting from its actions as my attorney-in-fact pursuant to this Durable Limited Power of Attorney.

4.3. **Determination of Incapacity.**

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

(a) When my treating physician certifies in writing that in his or her opinion I am physically or mentally incapable of managing my financial affairs and/or providing for my personal care. If this Durable Power of Attorney becomes effective because of my incapacity and I subsequently regain capacity (which shall be deemed to occur when my treating physician certifies in writing that in his or her opinion I am physically and mentally capable of managing my financial affairs), then this Durable Power of Attorney shall not be revoked but shall become effective again upon my subsequent incapacity determined as provided above. I hereby waive voluntarily any physician/patient privilege that may exist in my favor and I authorize my physician to examine me and disclose my physical or mental condition in order to determine my incapacity or capacity, for purposes of this instrument; provided, however, that my

attending physician who so certifies my incapacity need not incorporate the certification into my records, set forth the facts upon which the determination of incapacity is based, set forth the expected duration of my incapacity, or periodically review his or her determination of incapacity unless requested to do so in any such case by my attorney-in-fact designated herein; or

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

#### 4.4. Standard Of Care Obligation; Waiver Of Conflict

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

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

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

I expressly covenant and agree with my attorney-in-fact that the powers hereby conferred shall continue in full force against me, my heirs, executors, administrators and assigns, notwithstanding the express or implied revocation hereof by my death, or otherwise, until my attorney-in-fact receives actual knowledge of my death, or constructive knowledge that the authority granted herein has been suspended, modified or terminated by written notice thereof filed by me or my legal representative for record in the office of the recorder of deeds in the city or county of my residence.

#### 4.6. Use of Copy or Facsimile.

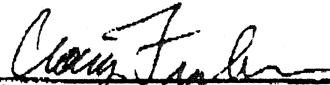
Any third party may rely on a photocopy or facsimile of a duly executed original of this instrument.

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

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

- 1. THIS DOCUMENT GIVES THE PERSON WHOM YOU DESIGNATE AS YOUR ATTORNEY-IN-FACT BROAD POWERS TO MANAGE CERTAIN OF YOUR FINANCIAL AFFAIRS.**
- 2. THIS DOCUMENT DOES NOT AUTHORIZE ANYONE TO MAKE MEDICAL OR OTHER HEALTH CARE DECISIONS FOR YOU.**
- 3. THIS POWER OF ATTORNEY WILL BECOME EFFECTIVE IMMEDIATELY AND IT WILL REMAIN IN EFFECT EVEN IF YOU ARE INCAPACITATED.**
- 4. YOU HAVE NO RIGHT TO REVOKE OR TERMINATE THIS DURABLE POWER OF ATTORNEY AT ANY TIME.**

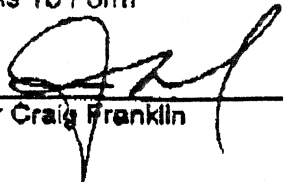
**IN WITNESS WHEREOF,** I have executed multiple original copies of this document this 30th day of March, 2001.



**CRAIG FRANKLIN**  
Social Security Number: 554-68-5888

30 West Solg Street  
**Address**  
Santa Barbara CA 93101

Approved As To Form



Attorney for Craig Franklin

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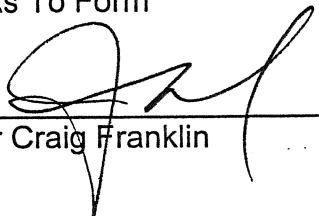
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- 4. YOU HAVE NO RIGHT TO REVOKE OR TERMINATE THIS DURABLE POWER OF ATTORNEY AT ANY TIME.**

**IN WITNESS WHEREOF, I have executed multiple original copies of this document this \_\_\_\_\_ day of \_\_\_\_\_, 2001.**

\_\_\_\_\_  
**CRAIG FRANKLIN**  
Social Security Number: \_\_\_\_\_

\_\_\_\_\_  
**Address**  
\_\_\_\_\_

Approved As To Form

  
\_\_\_\_\_  
Attorney for Craig Franklin

STATE OF CALIFORNIA                    )  
  )  
COUNTY OF SANTA BARBARA        )

SS

On APRIL 18, 2001, before me, the undersigned Notary Public, personally appeared CRAIG FRANKLIN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



*Suzanne Spillman*  
\_\_\_\_\_  
Notary Public