Callidus SoftwareÒ Strengthens Its Commitment to EIM Market Leadership

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Enterprise Incentive Management (EIM) Leader Acquires Source Code for TruePerformance and Promotes Daniel Welch to Senior Vice President and General Manager

Bracknell, Berkshire – January 21, 2004 – Callidus Software®, the industry leader in Enterprise Incentive Management (EIM) solutions, today announced it has acquired the source code for its TruePerformance solution, a total compensation management software that extends the benefits of EIM beyond sales and channel to all employees across the entire organization. This acquisition rounds out the TruePerformance product offering, propelling it further into the EIM marketplace and affirms the company's commitment to market leadership. To ensure it captures the large revenue opportunity, the company also announced today the promotion of Daniel Welch to Senior Vice President and General Manager for TruePerformance, European Sales and Service.

Released in February 2003, Callidus' TruePerformance provides the planning, analysis and performance management functions needed by global enterprises to access and administer variable compensation plans. With TruePerformance, Callidus is addressing the major pain points of customers that need to successfully align their global compensation plans to business strategies, align employee pay to performance, forecast awards and payouts, define budgets and control costs. TruePerformance was quickly recognized as a leading solution and was recently named by HR Executive Magazine as "HR Product of The Year" for its intuitiveness and robust modeling and drill-down capabilities.

To further drive customer adoption of TruePerformance products, Callidus announced today the promotion of Dan Welch to Senior Vice President and General Manager for TruePerformance, European Sales and Service. Mr. Welch who joined Callidus in early 1998, has been a member of the executive team and has been instrumental in driving the company's success. While at Callidus, Mr. Welch has held a number of senior management positions, most recently as vice president of Client Services. Under his leadership, Callidus' professional services organization successfully implemented Callidus' solutions at over 100 global corporations. In his new role, Mr. Welch will be responsible for the development, support and delivery of Callidus' TruePerformance product, and will spearhead all sales and services in Europe.

"The purchase of source code for TruePerformance is a natural next step in the evolution of our suite of products," said Reed Taussig, president and CEO of Callidus Software. "We are committed to strengthening our product offerings to extend Callidus' value proposition to customers and give them the competitive advantage and bottom-line results they need. Dan's proven track record of success coupled with his unique expertise and keen understanding of the EIM market makes him the best choice to lead the development and delivery of our TruePerformance product in Europe".

About Callidus Software

Founded in 1996, Callidus Software (http://www.CallidusSoftware.com) is a leading provider of enterprise incentive management (EIM) systems to global companies across multiple industries. Callidus' EIM systems allow enterprises to develop and manage competitive incentive compensation linked to the achievement of targeted business objectives. Through its TrueComp Grid ™ architecture, Callidus delivers the industry's only EIM solution that combines the power and scalability of grid computing with the flexibility of rules-based interface. Customers/Partners include Airborne Express, Inc., Allstate, Apple Computer, AOL Time Warner Corporation, AT&T Wireless, Citizens Bank, CUNA Mutual, DIRECTV,

Dun & Bradstreet, IBM, Intuit, JP Morgan Chase & Co., Pennzoil-Quaker State Company and Sun Microsystems. Callidus is publicly traded on the NASDAQ under the symbol CALD.

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