

ARTEMIS INTERNATIONAL SOLUTIONS CORP
Form DEF 14A
October 25, 2004

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ARTEMIS INTERNATIONAL SOLUTIONS CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1)	Title of each class of securities to which transaction applies:
(2)	Aggregate number of securities to which transaction applies:
(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4)	Proposed maximum aggregate value of transaction:
(5)	Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)	Amount Previously Paid:
(2)	Form, Schedule or Registration Statement No.:
(3)	Filing Party:
(4)	Date Filed:

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November 5, 2004

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Artemis International Solutions Corporation (the Company), which will be held at the Company's corporate headquarters located at 4041 MacArthur Boulevard, Suite 401, Newport Beach, CA 92660, on November 30, 2004, at 10:00 a.m., local time. We look forward to greeting as many of our stockholders as possible.

This booklet includes the Notice of Annual Meeting and the Proxy Statement. The Proxy Statement describes the business to be conducted at the Annual Meeting and provides other information concerning the Company that you should be aware of when you vote your shares.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. Stockholders of record can vote their shares by marking your votes on the enclosed proxy card, signing, dating and mailing the proxy card in the enclosed envelope. If you decide to attend the Annual Meeting and vote in person, you may then withdraw your proxy.

On behalf of the Board of Directors and the employees of Artemis International Solutions Corporation, I would like to express my appreciation for your continued interest in the affairs of the Company.

Sincerely,

Patrick Ternier
President and Chief Executive Officer

**ARTEMIS INTERNATIONAL SOLUTIONS CORPORATION
4041 MACARTHUR BOULEVARD
SUITE 401
NEWPORT BEACH, CA 92660**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON NOVEMBER 30, 2004**

NOTICE IS HEREBY GIVEN that an Annual Meeting of Stockholders (the "Annual Meeting") of Artemis International Solutions Corporation (the "Company"), a Delaware corporation, will be held at the Company's corporate headquarters located at 4100 MacArthur Boulevard, Suite 401, Newport Beach, CA 92660 on November 30, 2004, at 10:00 a.m. local time, to consider the following matters described in the accompanying proxy statement:

1. To elect the Class I and Class III directors;

2. To amend the Certificate of Incorporation to:
 - a. Reduce the total number of authorized shares of Common Stock to 50,000,000 shares; and
 - b. To adopt the NASDAQ 20 % Rule, as provided in NASDAQ Marketplace Rule 4350;

3. To approve the amendment to and restatement of the 2000 Non-Employee Director Stock Option Plan;

4. To approve the amendment to and restatement of the 2000 Stock Option Plan;

5. To ratify the selection of Independent Accountants; and

6. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

A copy of the Company's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2003, which contains our consolidated financial statements, is available upon request.

The Board of Directors has fixed the close of business on October 22, 2004, as the record date for determining stockholders entitled to receive notice of and to vote at the Annual Meeting and at any adjournment thereof. A list of such stockholders will be available for examination by any stockholder at the Annual Meeting and, for any purpose germane to the Annual Meeting, at the office of the Secretary of the Company, 4041 MacArthur Boulevard, Suite 401, Newport Beach, California 92660 for a period of ten days prior to the Annual Meeting. The officers and directors of the Company cordially invite you to attend the Annual Meeting.

All stockholders are cordially invited to attend the Annual Meeting in person. To assure your representation at the Annual Meeting, however, you are urged to mark, sign, date and return the enclosed proxy card as promptly as possible in the postage prepaid envelope enclosed for that purpose. Any stockholder attending the Annual Meeting may vote in person even if such stockholder has returned a proxy.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, SIGN, DATE AND PROMPTLY MAIL YOUR PROXY IN THE ENVELOPE PROVIDED FOR YOUR CONVENIENCE. YOU MAY REVOKE THIS PROXY AT ANY TIME PRIOR TO THE ANNUAL MEETING AND, IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE YOUR SHARES IN PERSON.

By Order of the Board of Directors

/s/ CHARLES F. SAVONI
Charles F. Savoni,
Secretary

Newport Beach, California

Dated: November 5, 2004

**ARTEMIS INTERNATIONAL SOLUTIONS CORPORATION
4041 MACARTHUR BOULEVARD
SUITE 401
NEWPORT BEACH, CA 92660**

PROXY STATEMENT

**ANNUAL MEETING OF STOCKHOLDERS TO
BE HELD ON NOVEMBER 30, 2004**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Artemis International Solutions Corporation, a Delaware corporation (referred to throughout this Proxy Statement as Artemis International, the Company, we, our or us) for at the Company's Annual Meeting of Stockholders to be held on November 30, 2004 (the Annual Meeting) at 10:00 a.m., local time, at the Company's corporate headquarters located at 4041 MacArthur Boulevard, Suite 401, Newport Beach, CA 92660 and at any adjournment thereof. This Proxy Statement and the accompanying proxy are being mailed to our stockholders on or about November 5, 2004.

THE PROXY

The persons named as proxyholders, Robert Stefanovich and Charles F. Savoni, were selected by the Board of Directors of the Company. Mr. Stefanovich and Mr. Savoni are both executive officers of the Company: Mr. Stefanovich is Executive Vice President and Chief Financial Officer; and Mr. Savoni is Senior Vice President, General Counsel and Secretary.

All shares represented by each properly executed, unrevoked proxy received in time for the Annual Meeting will be voted in the manner specified therein. If no specification is made on the proxy as to any one or more of the proposals, the common stock, \$.001 par value (the Common Stock) of the Company represented by the proxy will be voted for the election of the directors named in the Proxy Statement and with respect to any other matters that may come before the Annual Meeting, at the discretion of the proxyholders. The Company does not currently know of any other such business to be conducted at the Annual Meeting. An executed proxy may be revoked at any time before its exercise by filing with the Secretary of the Company a written notice of revocation or a duly executed proxy bearing a later date. The execution of the enclosed proxy will not affect a stockholder's right to vote in person should such stockholder find it convenient to attend the Annual Meeting and desire to vote in person.

VOTING AT THE ANNUAL MEETING

Only holders of record at the close of business on October 22, 2004 (the Record Date), are entitled to receive notice of and to vote at the Annual Meeting and any adjournment thereof. On the Record Date, the Company had issued and outstanding 9,965,018 shares of Common Stock and 4,090,909 shares of Series A Convertible Preferred Stock, \$.001 par value.

The holders of the Common Stock are entitled to one vote per share on all matters to be voted on at the Annual Meeting. The holders of the Series A Preferred Stock are entitled to one vote per share on all matters to be voted upon at the Annual Meeting, which is on an as converted basis, voting together with the holders of the Common Stock. The Company's Bylaws do not provide for cumulative voting by stockholders.

At the Annual Meeting, when the Series A Preferred Stock votes together with the Common Stock as one class, all such shares would represent an aggregate of 14,055,927 votes.

The holders of a majority of the Company's outstanding Common Stock, present in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting or any adjournment thereof. While there is no definitive statutory or case law authority in Delaware as to the proper treatment of abstentions (also referred to as withheld votes), the Company believes that abstentions should be counted for purposes of determining if a quorum is present at the Annual Meeting for the transaction of business. With respect to broker nominee votes, the Delaware Supreme Court has held that broker nominee votes may be counted as present or represented for purposes of determining the presence of a quorum. Abstentions are included in determining the number of shares voted on the proposals submitted to stockholders (other than the election of directors) and will have the same effect as a vote against such proposals.

SOLICITATION

The expense of soliciting proxies will be borne by the Company. Proxies will be solicited principally through the use of mail, but directors, officers and regular employees of the Company may solicit proxies personally or by telephone or special letter without any additional compensation. The Company also will reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for any reasonable expenses in forwarding proxy materials to beneficial owners.

PROPOSAL 1**ELECTION OF CLASS I AND CLASS III DIRECTORS**

At the Annual Meeting, four individuals are to be elected to hold office until their term expires and until their successors are elected and qualified. It is intended that the accompanying proxy will be voted in favor of the following persons to serve as directors unless the shareholder indicates to the contrary on the proxy. The election of the Company's directors requires a plurality of the votes cast in person or by proxy at the meeting. Management expects that each of the nominees will be available for election, but if any of them is unable to serve at the time the election occurs, it is intended that such proxy will be voted for the election of another nominee to be designated by the Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH NOMINEE AS EITHER CLASS I OR CLASS III DIRECTORS. UNLESS MARKED TO THE CONTRARY, PROXIES RECEIVED BY THE COMPANY WILL BE VOTED FOR THE ELECTION OF THE FOUR NOMINEES AND THEIR RESPECTIVE DIRECTOR CLASSES DESCRIBED BELOW.

The following table sets forth the names and ages as of September 30, 2004, and positions of directors and the nominees, as well as the committees that the director is or the nominee shall be a member of, and their respective Class of Director. A summary of the background and experience of each of these individuals is set forth after the table.

NAME	AGE	POSITION	COMMITTEE	DIRECTOR CLASS
<u>Nominees</u>				
Steve Yager	50	Chairman of the Board		Class III
Mike Murphy	46	Director	Audit and Compensation	Class III
Joseph Liemandt	36	Director	Compensation and Nominating	Class I
David Cairns	58	Director	Audit and Nominating	Class I
<u>Continuing Directors</u>				
Pekka Pere	46	Director		Class II
Olof Odman	61	Director	Audit, Compensation and Nominating	Class II
Bengt-Ake Algevik	54	Director		Class II

Artemis International's Certificate of Incorporation and Bylaws provide for the Board of Directors to be divided into three classes, with each class to be as nearly equal in number of directors as possible. The term of each class of director should expire in a year that is different than either of the other two respective classes of directors. In this regard, the director nominees as identified above shall serve as follows: Messrs. Liemandt and Cairns shall comprise the Class I directors, serving from 2004 - 2007. Messrs. Yager and Murphy shall comprise the Class III directors, serving from 2004 - 2006. Messrs. Pere, Odman and Algevik comprise the Class II directors and are continuing to serve through 2005.

Each nominee has consented to being named in this Proxy Statement and to serve if elected. If, prior to the Annual Meeting, any nominee should become unavailable to serve, the voting securities of the Company, represented by a properly executed and returned proxy, will be voted for such additional person as shall be designated by the Board of Directors, unless the Board of Directors determines to reduce the number of

directors in accordance with the Company's Certificate of Incorporation and Bylaws.

Certain information regarding each nominee as of September 30, 2004 is set forth below, including such individual's principal occupation, a brief account of such individual's recent business experience and other directorships currently held.

NOMINEES

MR. YAGER was elected as a director of the Company in July 2001 and was its Chief Executive Officer and President from August 2001 to January 2002. In January 2002, he became a Vice Chairman of the Board. On April 14, 2003, Mr. Yager was elected as Chairman of the Board. From March 1, 2002 to the present Mr. Yager has served as Managing Director, Mergers & Acquisitions for Gores Technology Group. Prior to joining the Company in August 2001, Mr. Yager served for four years as President and CEO of Artemis International Corporation, which combined with OPUS360 Corporation in July 2001 to form Artemis International Solutions Corporation.

MR. LIEMANDT is the President, CEO, and Chairman of the Board of Directors of Trilogy, Inc. He founded Trilogy, a leading provider of industry-specific enterprise software, in 1989. Mr. Liemandt also holds other management and board positions in various privately held Trilogy-controlled entities.

MR. MURPHY was elected a director of the Company on March 17, 2003. Mr. Murphy is currently the CEO of InQuira, Inc., and has served in that capacity since January 2001. Prior to joining InQuira, Mr. Murphy served as an executive at Cambridge Technology Partners (CTP), where he was in charge of the Western Region. Mr. Murphy later oversaw the sales, marketing, alliances and partner programs of CTP.

MR. CAIRNS was nominated to serve as a director of the Company on September 10, 2004. Since April, 2003, Mr. Cairns has been the CEO and a board member of Global Logistics Technologies Inc., a US headquartered supply-chain software company. He has also served as non executive Chairman of Prism Technologies Ltd., a UK software infrastructure company since 2001. Mr. Cairns was appointed to the board of Shiwana Inc. (a US company operating in the software and telecoms sector) in July 2004 and chairs the Audit Committee. Previously, Mr. Cairns was Chief Executive of Martlet Venture Management Limited, a Canadian venture capital company from 1996 through 2000. Mr. Cairns holds an MBA from Cranfield University and is a Fellow of the Chartered Institute of Management Accountants (UK).

CONTINUING DIRECTORS

MR. PERE was elected a director of the Company in July 2001. He has been President and Chief Executive Officer of Proha Plc since 1984 and is also the founder of Proha Plc. Mr. Pere is also the Chairman of the Board of Directors of Federation of the Finnish Information Industries, and is either a board member or the chairman of several other information technology related companies. Mr. Pere was Chairman of the Board of Directors of Proha Plc from 1984 until 1999, where he has since remained a board member.

MR. ODMAN was elected a director of the Company in July 2001. Since December 1999, he has been a member of the Board of Directors of Proha Plc., and is currently Chairman of the Proha Plc Board of Directors. Mr. Odman is also Chairman of the Board of Directors of Swedish public companies Jeeves Information System AB and LightLab AB. In addition, Mr. Odman is Chairman of the Board of Directors of Safran AS, Norway, LightLab Asia Corp, Taiwan, Transaction Network Services AB, Sweden, Cobnet AB, Sweden, Kyssinge Golf AB, Sweden and Golf de Pierpoint, Belgium. Mr. Odman is also a board member of Dovre AS, Norway and Bright Europe AB, Sweden.

MR. ALGEVIK was elected a director of the Company on June 16, 2004. Mr. Algevik is the President of Algevik Management AB, a management-consulting firm and has served in that capacity since September 2000. Prior to founding Algevik Management AB, beginning in May 1997, he was the CEO of SYSteam AB, comprised of 900 consultants providing IT-based solutions to mid-sized companies. Since 1995, Mr. Algevik has also been a board member of Swedish public company Jeeves Information System AB.

DIRECTORS FEES AND OPTIONS

For the fiscal year ended December 31, 2003 no fees were paid or options granted to any members of the Board. Effective January 1, 2004, each non-employee director shall receive a retainer of \$15,000 per year, provided they attend at least 60% of the Board meetings held each year. Each non-employee director who is also a member of the Audit, Compensation and/or Nominating Committees shall receive \$5,000 per year for

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their services on each respective committee, provided they each attend at least 60% of their respective committee meetings held each year. The Board of Directors may decide, at its discretion, to defer such cash payments based on the Company's performance and financial condition. In addition, the Company shall reimburse all reasonable travel and other expenses incurred by its directors in fulfilling their duties as directors and/or committee members.

The following table sets forth the individual grants of stock options made by the Company in 2004 through November 05, 2004, (the date of the Annual Meeting), to each of the listed directors.

NAME	NUMBER OF SHARES	EXERCISE PRICE	DATE OF GRANT	ANNUAL FEES	BOARD &/OR COMMITTEE
Pekka Halonnen	15,000	\$ 1.65	2/24/2004	\$ 15,000	Board Member
Mike Murphy	15,000	\$ 1.65	2/24/2004	\$ 15,000	Board Member
Mike Murphy	3,500	\$ 1.65	2/24/2004	\$ 5,000	Audit Committee
Mike Murphy	3,500	\$ 2.05	9/10/2004	\$ 5,000	Compensation Committee
Amos Barzilay	15,000	\$ 1.50	3/29/2004	\$ 15,000	Board Member
Joseph Liemandt	15,000	\$ 1.95	6/16/2004	\$ 15,000	Board Member
Joseph Liemandt	3,500	\$ 1.95	6/16/2004	\$ 5,000	Nominating Committee
Joseph Liemandt	3,500	\$ 2.05	9/10/2004	\$ 5,000	Compensation Committee
Bengt-Ake Algevik	15,000	\$ 1.95	6/16/2004	\$ 15,000	Board Member
Pekka Pere	7,500	\$ 1.65	2/24/2004	\$ 15,000	Board Member
Pekka Pere	3,500	\$ 1.65	2/24/2004	\$ 5,000	Audit Committee
Olof Odman	7,500	\$ 1.65	2/24/2004	\$ 15,000	Board Member
Olof Odman	3,500	\$ 1.65	2/24/2004	\$ 5,000	Audit Committee
Olof Odman	3,500	\$ 1.65	2/24/2004	\$ 5,000	Compensation Committee
Olof Odman	3,500	\$ 1.95	6/16/2004	\$ 5,000	Nominating Committee
Ari Horowitz	7,500	\$ 1.65	2/24/2004	\$ 15,000	Board Member
Steve Yager	7,500	\$ 1.65	2/24/2004	\$ 15,000	Board Member

In March 2000, the Company adopted the Artemis International Solutions Corporation 2000 Non-Employee Directors Stock Option Plan (Non-Employee Director Plan). The Company's Board of Directors, as discussed below under Proposal 3, is recommending that the plan be amended and restated. Upon the amendment and restatement becoming effective, each non-employee director who is elected or appointed to the Board after February 24, 2004, shall receive an initial grant of options to purchase 15,000 shares of our Common Stock at an exercise price equal to the fair market value of the common stock as of the date of his or her election or appointment. For each non-employee directors already serving on the Board as of February 24, 2004, he or she received a grant of options on February 24, 2004, to purchase 7,500 shares of our Common Stock at an exercise price equal to the fair market value of the common stock as of February 24, 2004, unless the non-employee director was provided a special initial grant greater than 7,500 shares. Thereafter, commencing in 2005, each non-employee director shall receive a grant of options on his or her Board anniversary date to purchase up to 7,500 shares of Common Stock (without making any adjustment under the Non-Employee Director Plan or otherwise for any stock split, stock dividend or similar recapitalization event occurring on or after the date of the most current amendment and restatement of the Non-Employee Director Plan becoming effective).

With respect to directors serving on committees and upon the amendment and restatement of the Non-Employee Director Plan becoming effective, each non-employee director who, on or after February 24, 2004, is elected or appointed as, or was already, a member of the Audit, Compensation and/or the Nominating Committee, shall receive a grant of options to purchase 3,500 shares of our Common Stock at an exercise price equal to the fair market value of the common stock as of February 24, 2004, if already so serving on any such committee, or as of any later date applicable when first becoming a member of any such committee. Thereafter, each non employee director who continues to serve on any such committee upon his or her applicable committee anniversary date shall be automatically granted an Option on such anniversary date to purchase up to 3,500 shares of Common Stock (without making any adjustment under the Non-Employee Director Plan or otherwise for any stock split, stock dividend or similar recapitalization event occurring on or after the date of the most current amendment and restatement of the Non-Employee Director Plan becoming effective).

The vesting schedule for the options described above is set forth in Proposal 3 below.

COMMUNICATING WITH THE INDEPENDENT DIRECTORS

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The Board will consider written communications that are submitted by stockholders and will respond if and as appropriate. The Chairman of the Board (if an independent director), or otherwise the Chairman of the Nominating Committee, with the assistance of the Company's General Counsel, is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors as he or she considers appropriate.

Communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the Chairman of the Board or the Chairman of the Nominating Committee considers to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which the Company tends to receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to the Board should address such communications to Board of Directors c/o Corporate Secretary, Artemis International Solutions Corporation, 4041 MacArthur Boulevard, Suite 401, Newport Beach, CA 92660.

CODE OF BUSINESS CONDUCT AND ETHICS AND CODE OF ETHICS FOR SENIOR FINANCIAL OFFICERS

The Company has adopted a written Code of Business Conduct and Ethics that applies to all of the Company's employees and its directors. The Code of Business Conduct and Ethics is augmented by an additional Code of Ethics For Senior Financial Officers, which applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, and/or persons performing similar functions. The Company has posted a current copy of both codes on its website, which is located at

www.aisc.com. In addition, the Company intends to post on its website all disclosures that are required by law concerning any amendments to, or waivers of any provision of the codes.

COMMITTEES OF THE BOARD

The Company's Board of Directors currently has three committees, the Audit Committee, the Compensation Committee, and the Nominating Committee. The Audit Committee, currently consisting of Mr. Odman, Mr. Murphy and Mr. Pere, recommends the appointment of the independent public accountants of the Company, considers the independence of the Company's independent public accountants, reviews and approves the scope of the annual audit and reviews the results thereof with the Company's independent accountants. The Audit Committee also assists the Board in fulfilling its fiduciary responsibilities relating to accounting and reporting policies, practices and procedures, and reviews the continuing effectiveness of the Company's business ethics and conflicts of interest policies. Effective upon the close of this Annual Meeting, and assuming that Proposal 1 is approved, Mr. Pere will be replaced on the Audit Committee with Mr. Cairns. At that point, all of the members of the Audit Committee will be independent as defined in NASDAQ Marketplace Rule 4200(A)(15). In addition, Mr. Cairns shall also qualify as being a financial expert for purposes of serving on the Audit Committee as defined in NASDAQ Marketplace Rule 4200(d)(2)(A).

The Compensation Committee, currently consisting of Mr. Odman, Mr. Murphy and Mr. Liemandt, recommends to the Board of Directors the salaries, bonuses and stock awards received by the officers of the Company. The Compensation Committee is also responsible for administering the Company's Stock Incentive Plan. The Compensation Committee determines the recipients of option awards, sets the exercise price of shares granted, and determines the terms, provisions and conditions of all stock options granted, including the vesting schedules.

The Nominating Committee currently consists of Mr. Odman and Mr. Liemandt. This Committee was formed effective June 16, 2004. Upon the close of this Annual Meeting and assuming that Proposal 1 is approved, Mr. Cairns will join the Nominating Committee. The Nominating Committee is responsible for overseeing the composition of the Board and its various other committees, recruiting and recommending candidates who are independent pursuant to the NASDAQ standard as referenced above for ratification by the full Board when applicable openings arise at both the Board level and within the other committees. In addition, the Nominating Committee recommends the slate and Class of directors to be voted upon by shareholders at annual shareholder meetings.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No interlocking relationships exist between the members of the Company's Board of Directors or the Compensation Committee and the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past. None of the members of the Compensation Committee was an officer or employee of the Company at any time during Fiscal 2003.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

During the fiscal year ended December 31, 2003, the Board of Directors met on fourteen occasions. In addition, the Audit Committee met nine times. The Compensation Committee met on three occasions. All directors attended at least 75% of the meetings held by the Board of Directors and all committees of the Board on which such director served. The Nominating Committee was not formed until June 16, 2004, at which time

Mr. Odman and Mr. Liemandt became members.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that the Company's executive officers and directors file reports of beneficial ownership on Form 3 and changes in beneficial ownership on Forms 4 and 5 with the Securities and Exchange Commission (SEC). Based on our records and other information, we believe that all such SEC filing requirements applicable to our executive officers and directors with respect to the fiscal year ended December 31, 2003 were met.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The following table sets forth information with respect to beneficial ownership of the Company's Common Stock as of September 30, 2004, for (i) each person known by the Company to beneficially own more than 5% of each class; (ii) each director and nominee for director; (iii) each Named Executive Officer (as defined below); and (iv) all of the Company's executive officers and directors as a group. Except as indicated by footnote, and applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. Unless otherwise indicated, the principal address of each stockholder listed below is c/o Artemis International Solutions Corporation, 4041 MacArthur Boulevard, Suite 401, Newport Beach, CA 92660.

NAME OF BENEFICIAL OWNERS	TOTAL AMOUNT OF SHARES BENEFICIALLY OWNED (1)	PERCENTAGE OF COMMON STOCK OWNED
Proha Plc (2) Maapallonkuja 1 A FIN-02210 Espoo	7,977,062	80%
Emancipation Capital LP (7)	1,526,700	13%
Samuelson Investment, Inc.(8) (10)	1,250,000	11%
Directors and Executive Officers		
Bengt-Åke Älgevik	7,500	*
Amos Barzilay	7,500	*
Pekka Halonen	7,500	*
Ari B. Horowitz (4) (5)	253,427	2%
Joseph Liemandt (8) (9)	7,500	*
Pekka Makela (3)	480	*
Michael Murphy	7,500	*
Olof Odman (3) (4) (5)	480	*
Pekka Pere (3) (4) (5)	480	*
Charles F. Savoni (5)	13,417	*
Robert Stefanovich (5)	53,333	*
Patrick Ternier (4) (5)	85,733	*
Steven Yager (4) (5)	40,000	*
All directors and executive officers as a group (13 persons) (6) (9)	484,850	5%

* Less than 1%

(1) Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the Company believes that the persons named in the above table have sole voting and investment power with respect to all shares shown as beneficially owned by them.

(2) Based upon information contained in a Form 13D/A dated November 20, 2001, filed with the SEC by Proha Plc on behalf of itself and related entities, such entities own 7,977,062 shares of common stock. Assuming that all of the shares of the Company's Common Stock beneficially owned by the Series A Holders were issued and outstanding, and that Proha Plc does not purchase or sell any common stock of the Company, Proha Plc's ownership of the Company would approximate 57%.

(3) This individual also serves on the board of directors for Proha Plc.

(4) Director or executive officer disclaims beneficial ownership of 7,977,062 shares held by Proha Plc, except to the extent of his stock holding interests in Proha Plc.

(5) Includes the number of shares that could be acquired within 60 days of September 30, 2004, pursuant to outstanding stock options, as follows: Mr. Horowitz 117,999 common shares; Mr. Odman, 480 common shares; Mr. Pere 480 common shares; Mr. Barzilay 7,500 shares; Mr. Halonnen 7,500 shares; Mr. Murphy 7,500 shares; Mr. Makela 480 shares; Mr. Algevik 7,500 shares; Mr. Liemandt 7,500 shares; Mr. Yager 40,000 common shares; Mr. Stefanovich 53,333 common shares; Mr. Ternier 85,733 common shares; Mr. Savoni 13,417 common shares, and of the group 349,422 common shares.

(6) The shares beneficially owned by Proha Plc (7,977,062) are not included in this total as the respective directors disclaimed beneficial ownership per footnote (4) above.

(7) The principal address of Emancipation Capital, LP, or EC, is 153 East 53rd Street, Suite 26B, New York, NY 10022. Emancipation Capital, LLC acts as the general partner of EC and has voting and dispositive power over the securities held by EC. The managing member of Emancipation Capital, LLC is Mr. Frumberg. Emancipation Capital, LLC and Mr. Frumberg disclaim beneficial ownership of the securities held by EC, except for their pecuniary interest therein. The total shares beneficially owned by EC of 1,526,700 includes 136,364 shares of restricted common stock currently issuable to EC upon exercise of the Initial Warrants that were fully vested and exercisable on the issuance date, but excludes the 210-day warrants received by EC that are exercisable if, and only in the event that, the Six Month Price is below \$2.20 per share in which case EC may purchase a variable number of shares of Common Stock at \$0.01 per share based on the Six Month Price. Six

Month Price means the greater of \$1.75 or the lowest average closing price of the Common Stock of the Company for any 15 consecutive day period during the six month period immediately following June 16, 2004. EC also owns Series A convertible preferred stock arising from the private placement transaction completed by the Company on June 16, 2004. As of September 30, 2004, EC's preferred stock is convertible into 1,363,636 shares of the Company's restricted common stock, which are included above. Additional information related to the private placement transaction can be obtained from the Form S-1/A (which is not yet effective) as filed by the Company with the SEC on August 24, 2004, a copy of which is available upon request. Assuming that all of the shares of the Company's Common Stock beneficially owned by Series A Holders were issued and outstanding, and that EC does not purchase or sell any common stock of the Company, EC's ownership of the Company would approximate 11%.

(8) Samuelson Investment, Inc. is wholly owned by Trilogy, Inc. Mr. Liemandt is Chairman of the Board, President and CEO of Trilogy, Inc.

(9) Director disclaims beneficial ownership of 1,250,000 shares held by Samuelson Investment, Inc.

(10) The total shares beneficially owned by Samuelson Investment, Inc., or Samuelson, of 1,250,000, includes 113,636 shares of restricted common stock currently issuable to Samuelson upon exercise of the Initial Warrants that were fully vested and exercisable on the issuance date, but excludes the 210-day warrants received by Samuelson that are exercisable if, and only in the event that, the Six Month Price is below \$2.20 per share in which case Samuelson may purchase a variable number of shares of Common Stock at \$0.01 per share based on the Six Month Price. Six Month Price means the greater of \$1.75 or the lowest average closing price of the Common Stock of the Company for any 15 consecutive day period during the six month period immediately following June 16, 2004. Samuelson also owns Series A convertible preferred stock arising from the private placement transaction completed by the Company on June 16, 2004. As of September 30, 2004, Samuelson's preferred stock is convertible into 1,136,364 shares of the Company's restricted common stock, which are included above. Additional information related to the private placement transaction can be obtained from the Form S-1/A (which is not yet effective) as filed by the Company with the SEC on August 24, 2004, a copy of which is available upon request. Assuming that all of the shares of the Company's Common Stock beneficially owned by Series A Holders were issued and outstanding, and that Samuelson does not purchase or sell any common stock of the Company, Samuelson's ownership of the Company would approximate 9%.

COMPENSATION EXECUTIVE OFFICERS AND OTHER INFORMATION

SUMMARY OF EXECUTIVE COMPENSATION

The following table sets forth for each of the Company's last three completed fiscal years, the compensation of the Company's President and Chief Executive Officer (CEO) as of December 31, 2003, and the two most highly compensated executive officers other than the CEO as of the same fiscal year end (collectively, the Named Executive Officers). As defined by the SEC's rules, no other person was a most highly compensated executive officer of the Company at December 31, 2003 or during the year then ended.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM COMPENSATION	
		SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	NUMBER OF SECURITIES UNDERLYING OPTIONS (#)	ALL OTHER COMPENSATION (\$)
Michael J. Rusert,	2003	\$ 283,333	\$ 25,200	*		
Former President and Chief Executive Officer(1)	2002	\$ 256,857	\$ 163,800	*	250,000	
	2001					
Robert Stefanovich,	2003	\$ 173,333	\$ 8,820			
Executive Vice President, Chief Financial Officer (2)	2002	\$ 68,095	\$ 36,156		20,000	
	2001					
Charles F. Savoni,	2003	\$ 147,833	\$ 5,670			
Senior Vice President, General Counsel, Secretary(3)	2002	\$ 98,961	\$ 31,378		7,000	
	2001					

* The value of personal benefits provided was less than the minimum amount required to be reported.

(1) Mr. Rusert was appointed to the position of President and Chief Executive Officer effective January 25, 2002. He resigned from the Company effective January 16, 2004.

(2) Mr. Stefanovich became Chief Financial Officer effective on September 27, 2002.

(3) Mr. Savoni became an executive officer of the Company effective March 18, 2002.

Pursuant to the Separation Agreement and Mutual Release that the Company executed with Mr. Rusert, effective January 22, 2004, the Company is required to: (i) provide Mr. Rusert with severance payments over twelve months, for a total of \$285,000; and (ii) pay on Mr. Rusert's behalf his automobile lease payments for fifteen months for a total of \$19,000.

Pursuant to the Employment Agreement in effect between the Company and Mr. Stefanovich, should Mr. Stefanovich be terminated without cause (or should he otherwise resign for a variety of reasons including but not limited to a change-in-control of the Company), then the Company would provide Mr. Stefanovich with severance payments over twelve months, which as of November 30, 2004, the date of the Annual Meeting, would total \$196,000, as well as a continuation of medical benefits for the same twelve month period. Pursuant to the Employment Agreement currently in effect between the Company and Mr. Savoni, should Mr. Savoni be terminated without cause (or should he otherwise resign for a variety of reasons including but not limited to a change-in-control of the Company), then the Company would provide Mr. Savoni with a lump sum severance payment totaling the equivalent of nine months of his base salary, which as of November 30, 2004, the date of the Annual Meeting, would total \$116,000.

SUMMARY OF OPTION GRANTS

The Company made no grants of stock options during the fiscal year ended December 31, 2003 to any of the Named Executive Officers.

SUMMARY OF OPTIONS EXERCISED

The following table sets forth information concerning exercises of stock options during the year ended December 31, 2003, by each of the Named Executive Officers and the value of unexercised options at December 31, 2003.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

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NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$ (1))	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR END	VALUE OF UNEXERCISED IN-THE MONEY OPTIONS AT FISCAL YEAR END
			EXERCISABLE/UNEXERCISABLE (#)	EXERCISABLE/UNEXERCISABLE (\$) (2)
Michael J. Rusert	0	\$ 0.00	124,999/125,001	\$16,250/\$16,250
Robert Stefanovich	0	\$ 0.00	6,667/13,333	\$2,533/\$5,067
Charles F. Savoni	0	\$ 0.00	2,334/4,666	\$887/\$1,773

(1) Value realized is based on estimated fair market value of Common Stock on the date of exercise minus the exercise price.

(2) Value is based on estimated fair market value of Common Stock as of December 31, 2003 (\$1.63) minus the exercise price.

None of our Named Executive Officers exercised any of their options during 2003.

COMPENSATION COMMITTEE REPORT

The Compensation Committee (Compensation Committee) of the Board of Directors is comprised of three directors who are not officers or employees of the Company. During the fiscal year ended December 31, 2003, the Compensation Committee, consisting of Mr. Odman, Mr. Klaus Cawen and Mr. Jim Cannavino, was responsible for establishing and administering the policies that govern the compensation of executive officers, including the Named Executive Officers. On May 29, 2003, the Board adopted a written Compensation Committee charter, which is attached to this Proxy Statement as an Appendix. Mr. Cawen resigned from the Board of Directors and all related committees on December 17, 2003, while Mr. Cannavino so resigned, effective February 24, 2004. As of September 10, 2004, the Compensation Committee is comprised of Mr. Odman, Mr. Murphy and Mr. Liemandt. The Compensation Committee has furnished the following report on executive compensation:

The Compensation Committee reviews and administers the Company's various compensation plans, including the base compensation levels of Executive Officers, the Company's bonus plan and the Company's stock incentive plans.

General Compensation Policy. The Compensation Committee's fundamental compensation policy is to make a substantial portion of an executive's total potential compensation contingent upon the financial performance of the Company. Accordingly, in addition to each executive's base salary, the Company offers the opportunity for an annual cash bonus, which is tied to the Company's achievement of financial performance goals, and stock option awards to provide incentives to the executive officers through an equity interest in the Company. The Compensation Committee believes that the stockholders benefit by aligning the long-term interests of stockholders and executive employees.

Base Salary. For the fiscal year 2003, the Compensation Committee reviewed the recommendations of the Chief Executive Officer as to proposed base salaries for all executives other than the Chief Executive Officer. Increases in base salaries generally reflect increased responsibilities over the prior fiscal year and/or strong individual performance in the prior fiscal year, or adjustments to changes in market conditions to help assure retention.

The Compensation Committee performed an annual review of the base salary of each of the executive officers with reference to the executive's performance, level of responsibility and experience to determine whether the current base salary is appropriate and competitive. The Compensation Committee evaluated the reasonableness of the base salary based upon the median salary range paid to executive officers with comparable duties at companies of similar size in the same geographic area in the computer technology industry. No specific quantitative weight was given to any particular performance measurement.

Cash Bonuses. The Company's Board of Directors approved and implemented a senior management quarterly bonus plan for fiscal 2003. The plan was designed to provide an incentive to certain designated senior managers to maximize stockholder value by achieving targeted levels of revenue and operating profit. Participants in the plan included all executive officers of the Company and certain other key senior managers.

Pursuant to the terms of the plan, the criterion for earning a bonus was based on the Company's revenue and operating profit for fiscal 2003 being equal to or greater than 80% of the revenue and operating profit set forth in the Company's annual operating plan (AOP) as approved by the Company's Board of Directors, with specific quarterly goals established and incorporated into the plan. The only quarter in which the specific goals were attained was in the first quarter of 2003. As such, the only bonuses paid for fiscal year 2003 pertained to the first quarter.

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Stock Option Awards. The Company has granted stock options under its various stock option plans at prices equal to the fair market value of the Company's Common Stock at the date of grant. Grants to executive officers are based on their responsibilities and relative positions in the Company and are considered an integral component of total compensation. The Compensation Committee believes the granting of options to be beneficial to stockholders, because it increases management's incentive to enhance stockholder value. Grants are proposed by the Chief Executive Officer and reviewed by the Compensation Committee based on the individual's overall performance. The Compensation Committee believes that stock option grants can serve as an important incentive in retaining and motivating key employees of the Company. In fiscal year 2003, however, no such grants were issued.

Chief Executive Officer Compensation. The base salary of the Chief Executive Officer was recommended by the Compensation Committee and approved by the Board of Directors. The Compensation Committee reviewed the salaries of comparable executive officers at companies of similar size and in the same geographic area as the Company and in the software industry. The Compensation Committee's policy is to have a substantial portion of the Chief Executive Officer's total compensation based on the Company's financial performance. As such, Mr. Rusert's annual base salary was set at \$285,000 with a potential bonus of \$200,000 based on the fiscal 2003 AOP. Upon Mr. Rusert's resignation in January of 2004, Mr. Ternier was provided the same levels of targeted compensation: a \$285,000 annual base salary with a potential bonus of \$200,000 based on the fiscal 2004 AOP.

Policy Regarding Deductibility of Compensation. Section 162(m) of the Internal Revenue Code (Section 162(m)) provides that for federal income tax purposes, the otherwise allowable deduction for compensation paid or accrued to a covered employee of a publicly

held corporation is limited to no more than \$1 million per year. Section 162(m) does not presently affect the Company because, for the fiscal year ended December 31, 2003, no executive officer's compensation exceeded \$1 million, and the Company does not believe that the compensation of any executive officer will exceed \$1 million for the 2004 fiscal year. Options granted under the Company's Stock Incentive Plans would be considered performance-based compensation. As performance-based compensation, compensation attributable to options granted under the Plan and awarded to covered employees will not be subject to the compensation deduction limitations of Section 162(m).

COMPENSATION COMMITTEE

Olof Odman
Mike Murphy
Joseph Liemandt

* * *

EMPLOYMENT AGREEMENTS AND TERMINATION, SEVERANCE AND CHANGE OF CONTROL ARRANGEMENTS

We have an employment agreement with Mr. Stefanovich, Executive Vice President and Chief Financial Officer. Mr. Stefanovich is entitled to receive an annual base salary (as of November 30, 2004, the date of the Annual Meeting - \$196,000 per year) and is eligible for a bonus of \$70,000, subject to the achievement of certain annual performance criteria set by the Compensation Committee (applicable to fiscal year ending December 31, 2004). If the agreement is terminated for cause, Mr. Stefanovich is entitled only to receive that portion of his base salary owed through the date of termination. If events that constitute a change in control of the Company occur, or if the agreement is terminated without cause, Mr. Stefanovich would be entitled, (i) to receive payment continuation of his base salary for a twelve month period, (ii) to receive a continuation of Company provided medical benefits at the same level he was receiving prior to termination for the same twelve month period, and (iii) to receive any incentive bonus payment earned but not paid as of the termination date pro-rated for the quarter in which any such termination would take effect based on the termination date. In addition, all options granted which have not vested at the date of termination would immediately vest. The agreement also contains certain restrictions on competition. Additionally, the Company in its sole discretion may grant to Mr. Stefanovich stock options to purchase shares of Common Stock, consistent with the policy pertaining to executive officers as described in the above Compensation Committee Report.

We have an employment agreement with Mr. Savoni, Senior Vice President, General Counsel and Secretary. Mr. Savoni is entitled to receive an annual base salary (as of November 30, 2004, the date of the Annual Meeting - \$155,000 per year) and is eligible for an annual bonus of \$45,000, subject to the achievement of certain annual performance criteria set by the Compensation Committee (applicable to fiscal year ending December 31, 2004). If the agreement is terminated for cause, Mr. Savoni is entitled only to receive that portion of his base salary owed through the date of termination. If events that constitute a change in control of the Company occur, or if the agreement is terminated without cause, Mr. Savoni would be entitled, (i) to a lump sum payment equivalent to his base salary for a nine month period, and (ii) to receive any incentive bonus payment earned but not paid as of the termination date pro-rated for the quarter in which any such termination would take effect based on the termination date. In addition, all options granted which have not vested at the date of termination would immediately vest. The agreement also contains certain restrictions on competition. Additionally, the Company in its sole discretion may grant to Mr. Savoni stock options to purchase shares of Common Stock, consistent with the policy pertaining to executive officers as described in the above Compensation Committee Report.

On January 23, 2004, the Company announced the appointment of Patrick Ternier as President and Chief Executive Officer. We have an employment agreement with Mr. Ternier. Mr. Ternier is entitled to receive a targeted annual base salary (as of November 30, 2004, the date of the Annual Meeting - \$285,000 per year) and is eligible for a targeted bonus of \$200,000, subject to the achievement of certain annual performance criteria set by the Compensation Committee (applicable to fiscal year ending December 31, 2004). In addition, Mr. Ternier is entitled to receive an annual car allowance of up to \$18,000. If the agreement is terminated for cause, Mr. Ternier is entitled only to receive that portion of his base salary owed through the date of termination. If events that constitute a change in control of the Company occur, or if the agreement is terminated without cause, Mr. Ternier would be entitled, (i) to receive payment continuation of his base salary for a twelve month period, and (ii) to receive any incentive bonus payment earned but not yet paid as of the termination date. In addition, all options granted which have not vested at the date of termination would immediately vest. The agreement also contains certain restrictions on competition. Additionally, the Company has granted Mr. Ternier in his first year of employment as President and Chief Executive an Initial Grant of 250,000 stock options to purchase shares of Common Stock at an exercise price equal to the fair market value of the Common Stock as of the grant date. One third of the Initial Grant of options vest on the grant date and the balance vest in equal increments on the first two successive anniversaries of the grant date. Commencing in the second year, Mr. Ternier is eligible to receive additional option grants (which may have a different vesting schedule), based on meeting certain annual performance criteria as recommended by the Compensation Committee and approved by the Board.

Mr. Rusert resigned as director and Chief Executive Officer and President of the Company as of the close of business effective January 16, 2004. Effective January 22, 2004, Mr. Rusert and the Company executed a Separation Agreement and Mutual Release, pursuant to which the Company is required: (i) to provide Mr. Rusert with severance payments extending over twelve months, for a total of \$285,000; and (ii) to pay on Mr. Rusert's behalf his automobile lease payments for fifteen months, for a total of \$19,000.

AUDIT COMMITTEE REPORT

The Audit Committee of the Company is composed of three directors who are not officers or employees of the Company and operates under a written charter adopted by the Board of Directors on March 16, 2000. The Audit Committee charter is attached to this Proxy Statement as an Appendix. During the fiscal year ended December 31, 2003, the Audit Committee was comprised of Mr. Cannavino (Chairman), Mr. Odman and Mr. Cawen. Mr. Cawen resigned from the Board of Directors and all related committees on December 17, 2003, while Mr. Cannavino so resigned, effective February 24, 2004. Since February 24, 2004, the Audit Committee has been comprised of Mr. Odman (Chairman), Mr. Murphy and Mr. Pere.

Artemis management (Management) is responsible for the Company's internal controls and preparing the Company's consolidated financial statements. In January 2003, the Audit Committee recommended to the Board of Directors that the Company change its independent accountants from KPMG, LLP (KPMG) to Squar, Milner, Reehl & Williamson LLP (Squar Milner). The Board accepted the Audit Committee's recommendation to make the change to Squar Milner from KPMG, as the Company would be able to obtain a greater level of service on a more cost-efficient basis.

The Company's independent accountants, Squar Milner, are responsible for performing an independent audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing a report thereon. The Audit Committee is responsible for overseeing the conduct of these activities and recommending them to the Board of Directors.

The Audit Committee is responsible for pre-approving all audit and permitted non-audit services to be performed for us by our independent auditor as outlined in the Audit Committee charter. Prior to engagement of the independent auditor for each year's audit, management or the independent auditor submits to the Audit Committee for approval an aggregate request of services expected to be rendered during that year, which the Audit Committee pre-approves. During the year, circumstances may arise when it may become necessary to engage the independent auditor for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent auditor. The Audit Committee does not delegate to management its responsibility to pre-approve services performed by the independent auditor.

The Audit Committee held nine meetings during fiscal year 2003. The Audit Committee reviewed Squar Milner's audit scope, audit plans and identification of audit risks. The interim financial information contained in each quarterly financial report was reviewed by the Audit Committee and discussed with Management and Squar Milner prior to release.

In the spring of 2003, the Audit Committee engaged independent counsel to examine the independence of the Audit Committee members in light of the Sarbanes-Oxley Act and other potential conflicts of interest. The examination by independent counsel was completed in October 2003. Independent counsel reported to the full Board, concluding that the Audit Committee members were independent and that no changes in the composition of the committee were needed. As such, the examination was closed, no further actions were taken, and the composition of the committee remained unchanged.

The Audit Committee also reviewed and discussed the Company's consolidated financial statements for the year ended December 31, 2003, with Management and Squar Milner. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee discussed with Squar Milner those matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees.

The Audit Committee also received and reviewed the written disclosures and the letter from Squar Milner required by Independence Standard No. 1, Independence Discussions with Audit Committees, as amended, by the Independence Standards Board, and has discussed with Squar Milner their independence.

Based on the reviews and discussions referred to above, Management recommended to the Board of Directors that the financial statements referred to above be included in the Company's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2003, filed with the Securities and Exchange Commission on July 16, 2004.

Effective upon the close of this Annual Meeting, and assuming that Proposal 1 is passed, Mr. Pere would be replaced on the Audit Committee with Mr. Cairns. At that point, all of the members of the Audit Committee would be independent as defined in NASDAQ Marketplace Rule 4200(A)(15). In addition, Mr. Cairns would also qualify as being a financial expert for purposes of serving on the Audit Committee as defined in NASDAQ Marketplace Rule 4200(d)(2)(A).

AUDIT COMMITTEE REPORT

Olof Odman
Mike Murphy
Pekka Pere

* * *

The foregoing Audit Committee Report shall not be deemed to be incorporated by reference in any previous or future documents filed by the Company with the Securities and Exchange Commission under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates such Report by reference in any such document.

PROPOSAL 2 (a)

**AMEND OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
TO REDUCE THE TOTAL NUMBER OF AUTHORIZED SHARES OF
COMMON STOCK TO 50,000,000**

The Company's Board of Directors has approved an amendment to our Amended and Restated Certificate of Incorporation. Specifically, the Board approved amending the first paragraph of Article III of the Amended and Restated Certificate of Incorporation, reducing the number of shares of Common Stock that the Company may issue from 500,000,000 to 50,000,000, thereby reducing the total number of shares of all classes of capital stock that the Company may issue from 525,000,000 to 75,000,000 (including 25,000,000 shares of authorized preferred stock).

The existing number of authorized shares of capital stock is far greater than we expect to require. In addition, under Delaware law, we are required to pay an annual franchise tax to the state of Delaware based on the number of authorized shares. The principal purpose of the proposed amendment is to reduce our authorized shares and thereby reduce our tax liability with respect to Delaware's annual franchise tax.

The decrease in the number of authorized Common Stock will not have any effect on the rights of existing stockholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION REDUCING THE TOTAL NUMBER OF AUTHORIZED SHARES OF COMMON STOCK TO 50,000,000. UNLESS MARKED TO THE CONTRARY, PROXIES RECEIVED BY THE COMPANY WILL BE VOTED FOR THE APPROVAL OF THE AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION REDUCING THE TOTAL NUMBER OF AUTHORIZED SHARES OF COMMON STOCK TO 50,000,000.

PROPOSAL 2 (b)

**AMEND OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO
ADOPT THE NASDAQ 20 % RULE**

The Company's Board of Directors has approved an amendment to our Amended and Restated Certificate of Incorporation. Specifically, the Board approved adding to the end of Article III of the Amended and Restated Certificate of Incorporation the following, which effectively implements the 20% Rule from NASDAQ Marketplace Rule 4350:

Shareholder approval shall be required in connection with a transaction other than a public offering involving:

(i) the sale, issuance or potential issuance of common stock (or securities convertible into or exercisable for common stock) at a price less than the greater of book value or market value which together with sales by officers, directors or substantial shareholders of the Company equals 20% or more of common stock or 20% or more of the voting power outstanding before the issuance; or

(ii) the sale, issuance or potential issuance by the Company of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book value or market value of the stock.

The primary purpose for adopting this amendment to our Amended and Restated Certificate of Incorporation is for the Company to align more closely to the NASDAQ standard for maintaining proper corporate governance.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION EFFECTIVELY ADOPTING THE NASDAQ 20% RULE. UNLESS MARKED TO THE CONTRARY, PROXIES RECEIVED BY THE COMPANY WILL BE VOTED FOR THE APPROVAL OF THE AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION EFFECTIVELY ADOPTING THE NASDAQ 20% RULE.

PROPOSAL 3

**ADOPTION OF AMENDED AND RESTATED
2000 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN**

The Company's Board of Directors has approved an amendment to and restatement of the 2000 Non-Employee Directors Stock Option Plan (Non-Employee Director Plan). The primary reasons for amending and restating the Non-Employee Director Plan are to, (i) replenish the plan with additional options authorized for issuance under the plan, (ii) to provide a specific grant to newly elected directors, and (iii) to provide for an automatic, annual grant for continuing directors. The Company needs to be able to grant its directors sufficient options in order both to recruit new, independent directors, and to retain current directors. This need is especially critical in today's corporate environment where, due to the increased exposure that individuals serving on boards of publicly traded companies have as a result of more stringent securities laws and increased governmental enforcement of those laws, such companies are facing increasing difficulties in recruiting new independent directors and/or retaining continuing directors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL AND ADOPTION OF THE AMENDED AND RESTATED 2000 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN. UNLESS MARKED TO THE CONTRARY, PROXIES RECEIVED BY THE COMPANY WILL BE VOTED FOR THE ADOPTION OF THE AMENDED AND RESTATED 2000 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN.

Summary Description of the Amended and Restated 2000 Non-Employee Directors Stock Option Plan

The amended and restated Non-Employee Director Plan is attached to this Proxy Statement as an Appendix. Under the current Non-Employee Director Plan - that is, prior to the amended and restated Non-Employee Director Plan becoming effective - 45,000 shares of our Common Stock are reserved for issuance. However, upon the amended and restated Non-Employee Director Plan becoming effective, 300,000 shares of our Common Stock shall be reserved for issuance.

Upon the amended and restated Non-Employee Director Plan becoming effective, each non-employee director who is elected or appointed to the Board after February 24, 2004, shall receive an initial grant of options to purchase 15,000 shares of our Common Stock at an exercise price equal to the fair market value of the common stock as of the date of his or her election or appointment. For each non-employee director already serving on the Board as of February 24, 2004, he or she received a grant of options on February 24, 2004, to purchase 7,500 shares of our Common Stock at an exercise price equal to the fair market value of the common stock as of February 24, 2004, unless the non-employee director was provided a special initial grant greater than 7,500 shares. Thereafter, commencing in 2005, each non-employee director shall receive a grant of options on his or her Board anniversary date to purchase up to 7,500 shares of Common Stock at an exercise price equal to the fair market value of the common stock as of such anniversary date.

With respect to directors serving on committees and upon the amendment and restatement of the Non-Employee Director Plan becoming effective, each non-employee director who, on or after February 24, 2004, is elected or appointed as, or was already, a member of the Audit, Compensation and/or the Nominating Committee, shall receive a grant of options to purchase 3,500 shares of our Common Stock at an exercise price equal to the fair market value of the common stock as of February 24, 2004, if already so serving on any such committee, or as of any later

date applicable when first becoming a member of any such committee.

Option grants shall vest as the Board shall determine from time-to-time. The current vesting schedules established by the Board are as follows: (i) for an initial grant of options to purchase 15,000 shares pertaining to directors elected or appointed to the Board after February 24, 2004 - 50% of the options vest immediately upon the grant date, with the remaining 50% vesting one year later, provided that the director has attended at least 60% of the Board meetings held during the interim period; (ii) for the grant of options to purchase 7,500 shares pertaining to directors already serving on the Board as of February 24, 2004, - 100% of the options vest as of February 24, 2005, provided that the director has attended at least 60% of the Board meetings held during the interim period; (iii) commencing in 2005, for any annual grant of options to purchase 7,500 shares pertaining to directors who reach their Board anniversary date - 100% of the options vest one year after the anniversary date, provided that the director has attended at least 60% of the Board meetings held during the interim period; and (iv) for the grant of options to purchase 3,500 shares pertaining to directors who, on or after February 24, 2004, are elected or appointed as, or were already, a member of the Audit, Compensation and/or the Nominating Committees - 100 % of the options vest one year after the applicable committee anniversary date, provided that the director has attended at least 60% of the applicable committee meetings held during the interim period.

PROPOSAL 4

**ADOPTION OF AMENDED AND RESTATED
2000 STOCK OPTION PLAN**

The Company's Board of Directors has approved an amendment to and restatement of the 2000 Stock Option Plan. The primary purpose for amending and restating the 2000 Stock Option Plan is to replenish the plan with additional options that are authorized for issuance under the plan. The only substantive revisions to the 2000 Stock Option Plan would be to Section 3, Shares of Stock Subject to the Plan - Number of Available Shares where, (i) the initial number of shares of common stock reserved for issuance under the plan would increase from 300,000 shares to 2,000,000 shares, and (ii) the maximum number of shares of common stock reserved for issuance under the plan would increase from 1,200,000 shares to 5,000,000 shares, after accounting for the five percent (5%) reload that is available each year immediately preceding December 31st. The proposed increase in reserved shares as described herein is to provide the Company with the ability to provide key management and other personnel with the incentives necessary to retain such personnel and to recruit replacements should the need arise in the future.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL AND ADOPTION OF THE AMENDED AND RESTATED 2000 STOCK OPTION PLAN. UNLESS MARKED TO THE CONTRARY, PROXIES RECEIVED BY THE COMPANY WILL BE VOTED FOR THE ADOPTION OF THE AMENDED AND RESTATED 2000 STOCK OPTION PLAN.

The amended and restated 2000 Stock Option Plan is attached to this Proxy Statement as an Appendix. Option grants under the 2000 Stock Option Plan shall vest as the Board or its Compensation Committee shall determine from time-to-time.

PROPOSAL 5**RATIFICATION OF SELECTION OF INDEPENDENT ACCOUNTANTS**

The Board of Directors has selected the firm of Squar, Milner, Reehl & Williamson, LLP (Squar Milner), independent certified public accountants, to serve as auditors for the year ending December 31, 2004. Squar Milner is registered with the Public Company Accounting Oversight Board (United States), which was established pursuant to the Sarbanes-Oxley Act of 2002. Stockholder ratification of the Company's independent public accountants is not required under Delaware law or under the Company's Amended and Restated Certificate of Incorporation or its Amended and Restated By-Laws. If the stockholders do not ratify the selection of Squar Milner as the Company's independent public accountants for the year ending December 31, 2004, the Board of Directors will evaluate what would be in the best interests of the Company and its stockholders and consider whether to select new independent public accountants for the current year or whether to wait until the completion of the audit for the current year before changing independent public accountants.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFYING THE SELECTION OF SQUAR MILNER AS THE COMPANY'S INDEPENDENT ACCOUNTANTS. UNLESS MARKED TO THE CONTRARY, PROXIES RECEIVED BY THE COMPANY WILL BE VOTED FOR RATIFYING THE SELECTION OF SQUAR MILNER AS THE COMPANY'S INDEPENDENT ACCOUNTANTS.

PRINCIPAL ACCOUNTANTS' FEES AND SERVICES

The following table presents fees for professional services rendered by Squar, Milner, Reehl & Williamson LLP (Squar Milner) for the annual audit of our consolidated financial statements as of and for the years ended December 31, 2003 and 2002 and fees billed for other services rendered by Squar Milner during such periods, including the 2001 re-audit performed in 2003:

	For the years ended December 31,	
	2003	2002
	(in thousands)	
Audit fees	\$ 375	\$ 200
Audit related fees	7	7
Tax fees	48	45
All other fees	31	
Total fees	\$ 461	\$ 252

Fees of \$175,000 were incurred by the Company for the 2001 re-audit

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Audit related fees relate to the benefit plan audit. The tax fees relate to the preparation of the Company's income tax returns. All other fees relate to special projects.

The Audit Committee has determined that the provision of services to us, other than audit services, is compatible with Squar Milner maintaining its independence from us.

COMPANY STOCK PRICE PERFORMANCE

The following performance graph assumes an investment of \$100 on April 7, 2000, and compares the change to December 31, 2003, in the market prices of the Company's Common Stock with a change to a broad market index (NASDAQ Stock Market - U.S.) and an industry index (Software & Services Index). The Company paid a cash dividend of \$140,000 during the nine months ended December 31, 2000 and no dividends thereafter, the performance of the indexes is shown on a total return (dividend reinvestment) basis. The graph lines merely connect the prices on the dates indicated and do not reflect fluctuations between those dates.

COMPARISON OF 45 MONTH CUMULATIVE TOTAL RETURN*

AMONG ARTEMIS INTERNATIONAL SOLUTIONS CORP.,

THE NASDAQ STOCK MARKET (U.S.) INDEX

AND THE S & P APPLICATION SOFTWARE INDEX

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the fourth quarter of 2003, the Company engaged Bengt Algevik to perform certain business consultancy functions for which he received consideration, including travel and other expenses, of approximately \$200,000. Mr. Algevik completed his assignment in May 2004.

At December 31, 2003 and 2002, the Company had no other receivables due from Proha and in 2001 had \$0.2 million due from Proha, which owns approximately 80% of the Company's outstanding common stock. At December 31, 2003 and 2002, the Company had other payables to Proha of \$0.2 million and \$0.1 million, respectively.

On March 1, 2004, the Company's wholly-owned subsidiary in Finland, Artemis Finland Oy (Artemis Finland), entered into a loan agreement with a financial institution in the amount of approximately \$3.1 million. The loan becomes due on March 1, 2006 and accrues interest at 0.5 percentage points above the 3-month Euribor rate per annum, which is payable on a quarterly basis. The loan is secured by cash collateral provided by Proha equal to the loan amount and a security interest in all of Artemis Finland's property and assets. Artemis and Proha have executed a letter of commitment, whereby Proha agreed to provide the Company sufficient advance notice of its intent to demand the return of its collateral from the financial institution to give the Company a minimum of 90 days to provide additional collateral, if necessary, or repay the loan.

There are several related party agreements in place between Artemis Finland and Proha or its subsidiaries and investees as further described below:

During 2002, Artemis Finland incurred \$309,000 in fees for certain business consulting, legal and accounting services provided by Proha. In 2001, Artemis Finland incurred a fee of \$395,000 for management services provided by Proha.

Additionally, Artemis Finland shares office space with Proha, for which Proha charges Artemis Finland a share of its office-related costs (Office Allocation Charge), such as rent, utilities, telecommunication costs, office maintenance and certain other business costs. The Office Allocation Charge was \$341,000, \$290,000 and \$167,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

Accountor Oy, a provider of accounting and payroll services, which was owned by Proha (80.1%) and Artemis (19.9%) through November 2002 until its sale to an unrelated party, is providing certain bookkeeping, payroll and reporting services (Service Charge) to Artemis Finland. The Service Charge was \$80,000, \$82,000 and \$93,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

Intellisoft Oy, an application service provider, which is owned by Proha (80.1%) and Artemis (19.9%), is providing certain application hosting and other services to Artemis Finland and its customers (ASP Services Fee). The ASP Services Fee was \$254,000, \$354,000 and \$238,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

Datamar Oy, a subsidiary of Proha (90%), is providing certain project management and programming services to Artemis Finland (Management Programming Fee). The Management Programming Fee charged to Artemis Finland was \$229,000, \$340,000 and \$505,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

Tesnet Group Oy (formerly Intellitest International Oy), a company partially owned by Proha (35%), provides certain software testing services to Artemis Finland (Testing Services). These Testing Services were \$225,000, \$219,000 and \$265,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

Artemis Finland is a distributor of software products provided by Safran Software Solutions AS (Safran), a Norwegian company wholly owned by Proha. The royalty paid by Artemis Finland to Safran was \$47,000, \$129,000 and \$0 for the years ended December 31, 2003, 2002 and 2001, respectively.

Artemis Finland has provided certain software development services to ProCounter International Oy (ProCounter), a company majority owned by Proha (63%). Artemis Finland has charged \$0, \$17,000 and \$0 to ProCounter for such software development services for the years ended December 31, 2003, 2002, and 2001, respectively. ProCounter has also provided certain software development services to Artemis Finland Oy during 2003 and charged a fee for use of a web-based travel and expense claims program of \$11,000 for the year ended December 2003.

Artemis Finland cooperated with Futura One Oy, a company majority owned by Proha (51%). Artemis Finland has charged \$0, \$17,000 and \$26,000 to Futura One for software development services for the years ended December 31, 2003, 2002 and 2001, respectively. Artemis Finland has also charged \$2,000 to Futura One for accounting services for the year ended December 31, 2003.

OTHER BUSINESS

The Board of Directors is not aware of any other matters to come before the Annual Meeting. If any matter not mentioned herein is properly brought before the meeting, the persons named in the enclosed proxy will have discretionary authority to vote all proxies with respect thereto in accordance with their judgment.

COPIES OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K/A FOR THE YEAR ENDED DECEMBER 31, 2003, AS FILED WITH THE SEC, WILL BE PROVIDED TO STOCKHOLDERS WITHOUT CHARGE UPON WRITTEN REQUEST TO INVESTOR RELATIONS, ARTEMIS INTERNATIONAL SOLUTIONS, 4041 MACARTHUR BOULEVARD, SUITE 401, NEWPORT BEACH, CALIFORNIA 92660.

STOCKHOLDER PROPOSALS FOR THE 2005 ANNUAL MEETING

Stockholders who may wish to present proposals for inclusion in the Company's proxy materials in connection with the 2005 Annual Meeting of Stockholders must submit such proposals in writing to the Secretary at the address shown at the top of page one. To be properly considered at the 2005 Annual Meeting of Stockholders, notice of any stockholder proposals must be given to the Company's Secretary in writing not less than 90 nor more than 120 days prior to November 30, 2005. A stockholder's notice to the Secretary must set forth for each matter proposed to be brought before the 2005 Annual Meeting: (a) a brief description of the matter the stockholder proposes to bring before the Annual Meeting and the reason for addressing the matter at the Annual Meeting; (b) the name and home address of the stockholder proposing such business; (c) the class and number of shares of Common Stock beneficially owned by such stockholder; and (d) any material interest of such stockholder in such business.

By Order of the Board of Directors

Patrick Ternier

President & Chief Executive Officer

Newport Beach, California