

SABA SOFTWARE INC  
Form 424B3  
September 14, 2006

Filed Pursuant to Rule 424(b)(3)

Registration Statement No. 333-125778

**PROSPECTUS SUPPLEMENT NO. 1**

**1,799,920 Shares**

**Saba Software, Inc.**

**Common Stock**

---

This prospectus supplement no. 1 supplements the prospectus dated December 23, 2005 relating to up to 1,799,920 shares of our common stock that the selling security holders named in the prospectus may offer for sale from time to time. The selling security holders acquired these shares from us in connection with our acquisition of THINQ Learning Solutions, Inc. completed on May 5, 2005.

Our common stock is traded on the Nasdaq National Market under the symbol SABA. On September 13, 2006, the last reported sales price for our common stock on the Nasdaq National Market was \$5.08 per share.

**See Risk Factors beginning on page 5 of the prospectus for factors you should consider before buying shares of our common stock.**

---

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or passed upon the adequacy or accuracy of this prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.**

---

**The date of this prospectus supplement is September 14, 2006.**

---

**SELLING SECURITY HOLDERS**

The following represents additional shares being sold by the selling security holders appearing in the Selling Security Holders section of the prospectus.

| <u>Name of Beneficial Owner</u>                                                          | <u>Number</u> | <u>Percent</u> | <u>Shares of Common<br/>Stock offered</u> |
|------------------------------------------------------------------------------------------|---------------|----------------|-------------------------------------------|
| Adase Partners LP a Limited Partnership                                                  | 6,131         | *              | 1,104                                     |
| Amar Dhaliwal                                                                            | 11,670        | *              | 1,913                                     |
| Daniel H. Bathon, Jr.                                                                    | 1,275         | *              | 1,275                                     |
| Arthur Bruno                                                                             | 612           | *              | 111                                       |
| AT Investors LLC a Limited Liability Company                                             | 1,225         | *              | 221                                       |
| BCI Growth V LP                                                                          | 42,346        | *              | 42,346                                    |
| BCI Investors LLC                                                                        | 689           | *              | 689                                       |
| Beagle Limited                                                                           | 11,341        | *              | 2,041                                     |
| Bessec Ventures IV LP                                                                    | 7,503         | *              | 7,503                                     |
| Bessemer Venture Partners IV LP                                                          | 11,254        | *              | 11,254                                    |
| Blue Rock Capital LP                                                                     | 11,478        | *              | 6,454                                     |
| Celerity Ventures LLC                                                                    | 1,655         | *              | 1,655                                     |
| Charles Burke                                                                            | 306           | *              | 56                                        |
| Charles River IX-B LLC                                                                   | 2,737         | *              | 492                                       |
| Charles River IX-C LLC                                                                   | 2,142         | *              | 385                                       |
| Charles River Partnership IX LP                                                          | 151,225       | *              | 27,213                                    |
| Charles River Partnership IX-A LP                                                        | 4,554         | *              | 819                                       |
| CIBC WMC Inc                                                                             | 88,305        | *              | 49,656                                    |
| Dain Rauscher Wessels Investors LLC                                                      | 552           | *              | 552                                       |
| Dean Butler                                                                              | 1,225         | *              | 221                                       |
| Douglas Johnson                                                                          | 3,825         | *              | 3,825                                     |
| First Albany Private Fund 1999 LLC                                                       | 3,065         | *              | 552                                       |
| First Albany Special Purpose Fund II LLC                                                 | 3,065         | *              | 552                                       |
| Gary Tillman                                                                             | 221           | *              | 221                                       |
| Guy Bradley                                                                              | 1,654         | *              | 1,654                                     |
| Heller Arts Executive Pension Scheme                                                     | 762           | *              | 138                                       |
| HLM/CB Fund LP                                                                           | 5,737         | *              | 5,737                                     |
| J&L Sherblom Family LLC                                                                  | 221           | *              | 221                                       |
| James S Tenner                                                                           | 121           | *              | 121                                       |
| Jefferies Venture Capital Fund I, LLC, fka Jefferies Employees Merchant Banking Fund LLC | 387           | *              | 387                                       |
| Jefferies Investors II LLC                                                               | 56            | *              | 56                                        |
| Jefferies Investors V LLC                                                                | 111           | *              | 111                                       |
| Jim P Manzi                                                                              | 1,987         | *              | 1,987                                     |
| John M Connors Jr                                                                        | 7,355         | *              | 1,323                                     |
| Larry E Reeder                                                                           | 612           | *              | 111                                       |
| Mark Bertelsen                                                                           | 56            | *              | 56                                        |
| Mellon Ventures II LP                                                                    | 33,104        | *              | 33,104                                    |
| Michael A Margolis                                                                       | 111           | *              | 111                                       |
| Neal Goldman                                                                             | 306           | *              | 56                                        |
| Net Market Partners LP                                                                   | 4,413         | *              | 4,413                                     |
| Paul Hajar                                                                               | 306           | *              | 56                                        |
| Raymond Maskell                                                                          | 5,100         | *              | 5,100                                     |
| RLR Family Partners LP a Limited Partnership                                             | 3,065         | *              | 552                                       |
| Scott Lancaster                                                                          | 4,174         | *              | 2,168                                     |
| Sirios Capital Partners II LP                                                            | 1,142         | *              | 1,142                                     |
| Sirios Capital Partners LP                                                               | 164           | *              | 164                                       |

Edgar Filing: SABA SOFTWARE INC - Form 424B3

|                                   |        |   |        |
|-----------------------------------|--------|---|--------|
| Sirios Overseas Fund LTD          | 1,387  | * | 1,387  |
| Sirios/QP Partners LP             | 1,723  | * | 1,723  |
| Theodore F Bayer                  | 33,138 | * | 33,138 |
| WB Internet Fund 2000 LLC         | 502    | * | 502    |
| WB Internet Fund 2000 QP LLC      | 602    | * | 602    |
| Windspeed Partners Investment LLC | 6,620  | * | 6,620  |
| Windspeed Ventures LP             | 8,827  | * | 8,827  |

\* Less than 1%