WILLIAMS PETER E III

Form 4

January 30, 2006

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

Check this box if no longer

subject to Section 16. Form 4 or

Form 5 obligations

may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *

WILLIAMS PETER E III

(First) (Middle) (Last)

(Street)

2400 BRIDGE PARKWAY

REDWOOD SHORES, CA 94065-1166 2. Issuer Name and Ticker or Trading

Symbol

SABA SOFTWARE INC [SABA] 3. Date of Earliest Transaction

(Month/Day/Year) 01/27/2006

4. If Amendment, Date Original

Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to

OMB

Number:

Expires:

response...

Estimated average

burden hours per

OMB APPROVAL

3235-0287

January 31,

2005

0.5

Issuer

below)

(Check all applicable)

Director 10% Owner X__ Officer (give title Other (specify

below) Chief Financial Officer

6. Individual or Joint/Group Filing(Check Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

(State) (Zip) (City) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year) Execution Date, if

3. (Month/Day/Year)

4. Securities TransactionAcquired (A) or Code (Instr. 8)

Disposed of (D) (Instr. 3, 4 and 5) 5. Amount of Securities Beneficially Owned Following

Reported

6. Ownership Form: Direct (D) or Indirect Beneficial (I) (Instr. 4)

Indirect Ownership (Instr. 4)

7. Nature of

Transaction(s) or (Instr. 3 and 4) Code V Amount (D) Price

(A)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Conversion

3. Transaction Date 3A. Deemed

5. Number of (Month/Day/Year) Execution Date, if TransactionDerivative

6. Date Exercisable and **Expiration Date**

7. Title and Amour Underlying Securit

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(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8) Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5))	(Homan Day), Tean)		(mon. 5 and 1)	
				Code V	/ (A) (I	D) Date Exercisable	Expiration Date	Title	Amo or Num of Sh	
Stock Option/Right to Buy	\$ 4.93	01/27/2006	01/27/2006	A	40,000 (1)	01/27/2010	01/27/2012	Common Stock	40,0	

Code

Securities

(Month/Day/Year)

(Instr. 3 and 4)

Reporting Owners

or Exercise

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

WILLIAMS PETER E III 2400 BRIDGE PARKWAY REDWOOD SHORES, CA 94065-1166

Chief Financial Officer

Signatures

Security

/s/ Peter E Williams III 01/30/2006

**Signature of Date
Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Shares underlying the stock option vest in 16 equal quarterly installments through 1/27/2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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