

TIMELINE, INC.

LICENSORS OF INTELLECTUAL PROPERTY

1700 SEVENTH AVENUE, STE. 2100
SEATTLE, WASHINGTON 98101
206.357.8422

July 26, 2007

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Timeline, Inc. to be held on Thursday, September 6, 2007, at 3:00 P.M., Pacific Time, at Timeline, Inc., 1700 Seventh Avenue, Ste. 2100, Seattle, Washington 98101.

The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement describe the matters to be presented at the meeting. In addition to the formal business to be transacted, management will make a presentation on developments of the past year and respond to comments and questions of general interest to shareholders. I personally look forward to greeting those Timeline shareholders able to attend the meeting.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted. **Therefore, please sign, date and promptly mail *as soon as possible* the enclosed proxy in the prepaid envelope provided.**

Thank you.

Sincerely,



Charles R. Osenbaugh
President, Chief Executive Officer & Director

TIMELINE, INC.

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SEATTLE, WASHINGTON 98101
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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 6, 2007

TO THE SHAREHOLDERS OF TIMELINE, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Timeline, Inc., a Washington corporation, will be held on Thursday, September 6, 2007, at 3:00 P.M., Pacific Time, at Timeline, Inc., 1700 Seventh Avenue, Ste. 2100, Seattle, Washington 98101, for the following purposes:

1. To elect one director to hold a three-year term expiring in 2010; and
2. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on July 10, 2007 as the record date for the determination of shareholders entitled to notice of and to vote at this Annual Meeting and at any continuation or adjournment thereof.

The Proxy Statement is accompanied by a copy of our Annual Report on Form 10-KSB for the fiscal year ended March 31, 2007.

By Order of the Board of Directors



Paula H. McGee
Secretary

Seattle, Washington
July 26, 2007

All shareholders are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy as promptly as possible in order to ensure your representation at the meeting. A prepaid envelope is enclosed for that purpose. Even if you have voted your proxy, you may still vote in person if you attend the meeting. Please note, however, that if a broker, bank or other nominee is the record holder of your shares and you wish to attend and vote at the meeting, you must obtain a proxy issued in your name from such broker, bank or other nominee.

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PROXY STATEMENT FOR 2007 ANNUAL MEETING OF SHAREHOLDERS

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The enclosed proxy is solicited on behalf of the Board of Directors (the "Board") of Timeline, Inc., a Washington corporation, for use at our 2007 Annual Meeting of Shareholders. The Annual Meeting will be held on Thursday, September 6, 2007, at 3:00 P.M., Pacific Time, or at any continuation or adjournment thereof (the "Annual Meeting"). The Annual Meeting will be held at our executive offices at 1700 Seventh Avenue, Ste. 2100, Seattle, Washington 98101. The purpose of the Annual Meeting is as described in this Proxy Statement, and in the accompanying Notice of Annual Meeting.

We intend to mail this Proxy Statement and accompanying proxy card on or about August 1, 2007, to all shareholders entitled to vote at the Annual Meeting. A copy of our Annual Report on Form 10-KSB for the fiscal year ended March 31, 2007, including financial statements, accompanies this Proxy Statement.

Record Date and Outstanding Shares

Only holders of record of our common stock at the close of business on July 10, 2007, are entitled to notice of and to vote at our Annual Meeting. At the close of business on July 10, 2007, there were 4,190,998 shares of common stock outstanding and entitled to vote. Shareholders of record on such date are entitled to one vote for each share of common stock held on each matter to be voted upon at our Annual Meeting.

Quorum and Voting of Shares

The presence in person or by proxy of holders of record of a majority of the outstanding shares of common stock constitutes a quorum at our Annual Meeting. Under Washington law and our Restated Articles of Incorporation, assuming the presence of a quorum, directors are elected by a plurality of votes cast.

A shareholder who attends the meeting in person or by proxy but abstains from voting on any proposal will be included in the number of shareholders present at our Annual Meeting for the purpose of determining the presence of a quorum. Abstentions will not be counted either in favor of or against the election of the nominee or other proposals. The inspector of elections appointed for our Annual Meeting will tabulate all votes and will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

If your shares are held in a brokerage account or by another nominee, you are considered the "beneficial owner" of shares held in street name and these proxy materials are being forwarded to you by your broker or nominee along with a voting instruction card. As the beneficial owner, you have the right to direct the broker/nominee how to vote your shares, and the broker/nominee is required to vote your shares in accordance with your instructions. Brokers/nominees who have not been given specific voting instructions as to a matter by their clients may vote their clients' proxies in their own discretion, to the extent permitted under the rules of the National Association of Securities Dealers. Broker non-votes will be included in determining the presence of a quorum, but will not be counted in determining whether a matter has been approved. Please note that if your shares are held by a broker/nominee, you may not vote your shares in person at the Annual Meeting unless you obtain a "legal proxy" from the broker/nominee.

Solicitation

We will bear the entire cost of solicitation of proxies, including preparation, assembly and mailing of this Proxy Statement, the proxy and any additional information furnished to shareholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares of our common stock in their names that are beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners for their costs of forwarding the solicitation material to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, email or personal solicitation by our directors, officers or other regular employees. No additional compensation will be paid to our directors, officers or other regular employees for such services.

Shareholder Proposals

We must receive any proposals of shareholders that are intended to be presented at our 2008 Annual Meeting of Shareholders not later than April 4, 2008 in order to be included in the proxy statement and form of proxy relating to the 2008 Annual Meeting. In addition, any proposals to be brought before the shareholders must comply with the procedural and other requirements contained in SEC Rule 14a-8. Address all shareholder proposals to Timeline, Inc., 1700 Seventh Avenue, Ste. 2100, Seattle, WA 98101, Attn: Secretary. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements. In addition, if we receive notice of a shareholder proposal later than June 18, 2008, the persons named as proxies in the proxy statement for our 2008 Annual Meeting of Shareholders will have discretionary authority to vote on such proposal at the meeting.

Revocability of Proxies

Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by delivering to our Corporate Secretary at our executive office, 1700 Seventh Avenue, Ste. 2100, Seattle, Washington 98101, either a written notice of revocation or a duly executed proxy bearing a later date. Alternatively, it may be revoked by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

PROPOSAL 1: ELECTION OF DIRECTOR

Our Restated Articles of Incorporation divide our Board into three classes, each class consisting, as nearly as possible, of one-third of the total number of directors. The Restated Articles further provide that at each annual meeting of the shareholders, directors will be elected for a three-year term to succeed those directors in the class whose term has so expired. Vacancies on the Board may be filled by persons elected

by a majority of the remaining directors. A director elected by the Board to fill a vacancy (including a vacancy created by an increase in the number of directors serving on the Board) will serve until the next meeting of shareholders at which directors are elected, or until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal.

Our Board is composed of four members. The director nominee, Mr. Terry Harvey, is the nominee for the class of directors to be elected at our Annual Meeting for a three-year term expiring at the 2010 annual meeting of shareholders. If elected at our Annual Meeting, the director nominee would serve until his successor is elected and qualified, or until his earlier death, resignation or removal. Mr. Harvey is a current director on the Board.

Directors will be elected by a plurality of the shares voted at the Annual Meeting. The persons named in the enclosed proxy intend, unless authorization to do so is withheld, to vote the proxies received by them for the election of the director nominee. If, prior to our Annual Meeting, the nominee should become unavailable for election, an event that currently is not anticipated by the Board, the proxies will be voted for the election of such substitute nominee as the Board may propose. Mr. Harvey has agreed to serve if elected and we have no reason to believe that he will be unable to serve.

Set forth below is biographical information for Mr. Harvey.

Terry Harvey, age 56, has served as one of our Directors since October 2000. Mr. Harvey is currently Managing Director of Terry Harvey Associates Ltd., an information technology consulting firm specializing in the banking sector and based in the United Kingdom, which he co-founded in October 2000. From 1989 through 1999, Mr. Harvey was Founder and Managing Director of Harvey Consultants Ltd., which was sold to the Olsten Corporation in 1996. Mr. Harvey holds several other non-executive roles in information technology companies where he has invested and is a director of the following United Kingdom companies: Terry Harvey Associates Ltd., Harvey Farms, Ltd., Tillwhim Farms Ltd., Harvey Properties Ltd., Visflow Ltd. and Kume Associates Ltd. He holds an ONC in sciences.

**THE BOARD OF DIRECTORS RECOMMENDS
A VOTE "FOR" ELECTION OF MR. HARVEY**

DIRECTORS AND EXECUTIVE OFFICERS

Our directors and executive officers as of July 10, 2007, were as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Charles R. Osenbaugh	58	President, Chief Executive Officer, Chief Financial Officer, Treasurer and Director
Donald K. Babcock	70	Director
Terry Harvey ⁽¹⁾⁽²⁾⁽³⁾	56	Director
Kent L. Johnson ⁽¹⁾⁽²⁾⁽³⁾	63	Director

- (1) Member of Nomination Committee
(2) Member of Audit Committee
(3) Member of Compensation Committee

Officers are appointed by the Board. The executive officer named above will serve until his successor is appointed or until his earlier death, resignation or removal. It is expected that the above officer will be reappointed by the Board immediately following the Annual Meeting.

Two of the four directors on our Board are “independent” within the meaning of the listing standards of The Nasdaq Stock Market.

Set forth below are the names and certain biographical information for directors whose terms continue after our Annual Meeting and for our executive officer. For the biographical summary of our Director whose current term expires at the Annual Meeting, see “Proposal 1: Election of Director” above.

Director with Term Expiring at the 2008 Annual Meeting

Charles R. Osenbaugh, age 58, has served as Chief Financial Officer, Treasurer and a Director since our inception in April 1993, and has held the position of President and Chief Executive Officer since November 1996. Mr. Osenbaugh also previously served as our Secretary. From April 1988 to April 1993, Mr. Osenbaugh served as Executive Vice President, Chief Executive Officer and a Director and from April 1993 to July 1994 as President and a Director of Timeline Services, Inc. From 1975 to 1988, Mr. Osenbaugh was a partner of Lasher & Johnson, a Seattle, Washington law firm. From 1973 to 1975, Mr. Osenbaugh practiced public accounting with Arthur Andersen & Co. He holds a B.B.A. in economics and a J.D., both from the University of Iowa, and received his CPA certificate in 1974.

Directors with Terms Expiring at the 2009 Annual Meeting

Donald K. Babcock, age 70, is one of our founders and has served as a Director since our inception. Mr. Babcock retired from active employment on April 1, 2006. He had returned to the position of Senior Technologist with us in October 1999 after working for Seagate Software, Inc. for 18 months as a Program Manager. He previously was Senior Vice President of Research & Development and Chief Technologist for Timeline, Inc. He was also a founder of Timeline Services, Inc. and served as a director from its inception in 1977 until its merger with us in July 1994. From 1977 to April 1993, Mr. Babcock also served as Senior Vice President and Chief Technologist of Timeline Services, Inc.

Kent L. Johnson, age 63, has served as one of our Directors since our inception. He is Chairman and Managing Director of Alexander Hutton Venture Partners, L.P., a Seattle, Washington-based venture capital firm he co-founded in 1999. From October 1994 to December 1999, Mr. Johnson was President and co-founder of Alexander Hutton Capital, L.L.C., an investment banking firm that specialized in equity capital funding for emerging growth companies. Mr. Johnson currently serves as a director of several private companies and devotes considerable time to private investment activities. Mr. Johnson has a B.B.A. in Business Administration from the University of Washington and an M.B.A. from Seattle University, where he serves on the Board of Trustees and the Business Advisory Board of the Entrepreneurial Center.

Executive Officers

Charles R. Osenbaugh is our only executive officer. See his biographical information under “Director with Term Expiring at the 2008 Annual Meeting” above.

BOARD COMMITTEES AND MEETINGS

The Board, which held two meetings during the 2007 fiscal year, has an Audit Committee, a Compensation Committee and a Nomination Committee. Each director was in attendance at more than 75% of the meetings held of the Board and any committees on which he served during his tenure as a director in fiscal 2007.

Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities to provide oversight with respect to our financial statements and reports, our independent auditors, the system of internal controls and the audit process. Its primary duties include reviewing the results and scope of the audit and any other non-audit services provided by our independent auditors, and reviewing and evaluating our internal control functions. The Audit Committee also has authority for selecting and engaging our independent auditors and approving their fees. The Board has adopted a written charter for the Audit Committee, a copy of which was filed with our Proxy Statement for our 2006 Annual Meeting, and may also be accessed through our website at www.tmln.com.

The Audit Committee currently consists of Terry Harvey and Kent L. Johnson. Each member of the Audit Committee is financially literate, and the Board has determined that Mr. Johnson is qualified as an "audit committee financial expert" within the meaning of SEC regulations based on his accounting and related financial management expertise. Mr. Johnson is also the chairman of the Audit Committee. Each of the Directors on the Audit Committee is considered an "independent director" within the meaning of the listing standards of The Nasdaq Stock Market. During the 2007 fiscal year, the Audit Committee met four times.

Compensation Committee

The Compensation Committee makes recommendations to the Board concerning compensation, including stock option grants, for our executive officer. The committee meets as needed. The Board has not adopted a written charter for the Compensation Committee.

The Compensation Committee currently consists of Terry Harvey and Kent L. Johnson, each of whom is considered an "independent director" within the meaning of the listing standards of The Nasdaq Stock Market. The Compensation Committee met one time during fiscal 2007.

Nomination Committee

The Nomination Committee identifies and recommends candidates for election to the Board. The Nomination Committee establishes policies concerning the identification of candidates, including candidates recommended by shareholders, the evaluation of candidates, the recommendation to the Board of candidates for the Board's selection as director nominees, and the recommendation of candidates for the Board's selection as nominees for appointment to the committees of the Board. The committee meets as needed. A copy of the written charter for the Nomination Committee was filed with our Proxy Statement for our 2006 Annual Meeting, and may also be accessed through our website at www.tmln.com.

The Nomination Committee is composed of Kent L. Johnson and Terry Harvey. Both members of the Nomination Committee qualify as "independent directors," within the meaning of the listing standards of The Nasdaq Stock Market. The Nomination Committee did not meet during fiscal 2007.

Report of the Audit Committee

The Audit Committee of our Board serves as the representative of the Board for general oversight of our financial accounting and reporting process, system of internal control, audit process, and process for monitoring compliance with laws and regulations. Management has primary responsibility for preparing our

financial statements, our internal controls and our financial reporting process. Our independent registered public accounting firm for fiscal 2007, Williams & Webster, P.S., was responsible for performing an independent audit of our consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and for issuing a report on its audit.

In this context, the Audit Committee has met and held discussions with management and the independent registered public accounting firm. Management represented to the Audit Committee that our consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the audited consolidated financial statements with management and the independent registered public accounting firm. The Audit Committee also discussed with the independent registered public accounting firm matters required to be discussed by Statement on Auditing Standards No. 61 (“Communications with Audit Committees”).

The Audit Committee also reviewed with Timeline’s independent registered public accounting firm the written disclosures required by the Independence Standards Board’s Standard No. 1 (“Independence Discussions with Audit Committees”), and has discussed with the independent registered public accounting firm that firm’s independence.

Based upon the Audit Committee’s discussion with management and the independent registered public accounting firm, and upon the Audit Committee’s review of management’s representations and the report of the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in our Annual Report on Form 10-KSB for the fiscal year ended March 31, 2007 filed with the Securities and Exchange Commission.

Audit Committee of the Board of Directors

Terry Harvey
Kent L. Johnson

THE FOREGOING AUDIT COMMITTEE REPORT SHALL NOT BE DEEMED TO BE “SOLICITING MATERIAL” OR TO BE “FILED” WITH THE SEC, NOR SHALL SUCH INFORMATION BE INCORPORATED BY REFERENCE INTO ANY PAST OR FUTURE FILING UNDER THE SECURITIES ACT OR THE EXCHANGE ACT, EXCEPT TO THE EXTENT WE SPECIFICALLY INCORPORATE IT BY REFERENCE INTO SUCH FILING.

Policy on Shareholder Nomination of Directors

Candidates for election to our Board are nominated by our Nomination Committee and ratified by our full Board for nomination to the shareholders.

In identifying candidates to be directors, the Nomination Committee intends to seek persons it believes to be knowledgeable in our business or having relevant industry experience that would benefit our company. Our Nomination Committee believes that the minimum qualifications for serving on our Board are that each director has an exemplary reputation and record for honesty and integrity in his or her personal dealings and business or professional activity. All directors should possess a basic understanding of financial matters, have an ability to review and understand our financial and other reports, and to discuss such matters intelligently and effectively. The Nomination Committee will take into account whether a candidate qualifies as “independent” under applicable SEC rules and exchange listing requirements. If a nominee is sought for service on the Audit Committee, the Nomination Committee will take into account the financial and accounting expertise of a candidate, including whether an individual qualifies as an “Audit

Committee financial expert.” Each candidate also needs to exhibit qualities of independence in thought and action. Finally, a candidate should be committed to the interests of our shareholders, and persons who represent a particular special interest, ideology, narrow perspective or point of view would not, therefore, generally be considered good candidates for election to our Board.

Our Nomination Committee is open to receiving recommendations from shareholders as to potential candidates it might consider. The Nomination Committee gives equal consideration to all director nominees, whether recommended by our shareholders, management or current directors.

A shareholder wishing to submit a director nomination should send a letter to the Nomination Committee, c/o Corporate Secretary, Timeline, Inc., 1700 Seventh Avenue, Ste. 2100, Seattle, Washington 98101. The mailing envelope must contain a clear notation indicating that the enclosed letter is a “Director Nominee Recommendation.” The notice must also be accompanied by a written consent of the proposed nominee to being named as a nominee and to serve as a director if elected. In making recommendations, shareholders should be mindful of the discussion of minimum qualifications set forth above; although satisfaction of such minimum qualification standards does not imply that the Nomination Committee necessarily will nominate the person so recommended by a shareholder. In addition, for nominees for election to the Board proposed by shareholders to be considered, the following information must be timely submitted with the director nomination:

- the name, age, business address and, if known, residence address of each nominee;
- the principal occupation or employment of each nominee;
- the number of shares of stock of Timeline, Inc. beneficially owned by each nominee;
- the name and address of the shareholder making the nomination and any other shareholders known by such shareholder to be supporting such nominee;
- the number of shares of stock of Timeline, Inc. beneficially owned by such shareholder making the nomination, and by each other shareholder known by such shareholder to be supporting such nominee;
- any other information relating to the nominee or nominating shareholder that is required to be disclosed under SEC rules in order to have a shareholder proposal included in our proxy statement; and
- a representation that the shareholder intends to appear in person or by proxy at the annual meeting to nominate the person named in its notice.

Shareholder Communication with the Board

Shareholders who wish to communicate with our Board or with a particular director can send correspondence to our Corporate Secretary, c/o Timeline, Inc., 1700 Seventh Avenue, Ste. 2100, Seattle, WA 98101. The mailing envelope must contain a clear notation indicating that the enclosed letter is a “Shareholder-Board Communication” or “Shareholder-Director Communication.” All such correspondence must identify the author as a shareholder of our company, and clearly state whether the intended recipients are all members of the Board or just certain specified directors.

Depending on the subject matter of the communication, management will do one of the following:

- forward the communication to the director or directors to whom it is addressed;
- attempt to handle the inquiry directly, for example where it is a request for information about the company or it is a stock related matter; or

- not forward the communication if it is primarily commercial in nature, if it relates to an improper or irrelevant topic, or if it is unduly hostile, threatening, illegal or otherwise inappropriate.

At each Board meeting, management will present a summary of all communications received since the last meeting that were not forwarded and shall make those communications available to the directors.

In addition, any person who desires to communicate any matter specifically to our Audit Committee may contact the Audit Committee by addressing a letter to the Audit Committee, c/o Corporate Secretary, c/o Timeline, Inc., 1700 Seventh Avenue, Ste. 2100, Seattle, WA 98101. Communications addressed to the Audit Committee may be submitted anonymously, in which event the envelope will not be opened for any purpose, other than appropriate security inspections. Otherwise, such mailing will be forwarded directly to the Chair of our Audit Committee for his review and follow-up action as he deems appropriate.

Compensation of Directors

The non-management members of the Board do not receive a fee for their services; however, as in the past, at any time that a new member is appointed to the Board of Director, he or she will receive a one-time option grant for 10,000 shares of common stock, which will vest ratably over three years from the date of the grant. We maintain liability insurance on our directors and officers. Management directors receive no additional compensation for their service on the Board. No new members were elected to the Board in the past fiscal year.

Director Attendance at Annual Meeting of Shareholders

We do not have a formal policy requiring director attendance at our Annual Meeting; however, all Directors are encouraged to attend. At last year's Annual Meeting, two of our four Directors were in attendance.

Code of Ethics

We have adopted a code of ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. We filed a copy of the Code as Exhibit 14.1 to our annual report on Form 10-KSB for the 2004 fiscal year, which may be accessed through our website at www.tmln.com.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

The following table shows for the three fiscal years ended March 31, 2007, 2006, and 2005, respectively, compensation awarded or paid to, or earned by, Charles R. Osenbaugh, our Chief Executive Officer and our only executive officer. No executive officer earned more than \$100,000 in salary and bonus for the 2007 fiscal year:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Comp. (\$)	Nonqual. Deferred Comp. Earnings (\$)	All Other Comp. (\$)	Total (\$)
Charles R. Osenbaugh, President, Chief Executive Officer, Chief Financial Officer	2007	\$ 60,000	-	-	-	-	-	\$ 2,630 ⁽¹⁾	\$ 62,630
	2006	112,500	-	-	-	-	-	-	112,500
	2005	118,750	-	-	-	-	-	6,655 ⁽²⁾	125,405

- (1) Reflects medical and dental insurance premiums which were previously provided under a company sponsored group plan.
- (2) Includes the value of our discretionary contributions made to the Timeline Inc. Employee Stock Ownership Plan in March 2002, and allocated to the respective Named Executive Officer's account at December 31, 2004.

Grants of Plan-Based Awards in Last Fiscal Year

We made no grants of plan-based awards to our Chief Executive Officer during the 2007 fiscal year.

Narrative Disclosure to Summary Compensation Table

We do not have an employment agreement in place with our Chief Executive Officer. In addition, we do not have agreements with our Chief Executive Officer providing for payments, whether from resignation, retirement or other termination of employment, resulting from a change of control.

Stock Awards at Fiscal Year End

No stock awards were outstanding at fiscal 2007 year end.

Option Awards at Fiscal Year End

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

Name and Principal Position	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date
Name and Principal Position	Exercisable	Unexercisable	Exercisable	Price (\$)	Date
Charles R. Osenbaugh, President, Chief Executive Officer, Chief Financial Officer	2,000 ⁽¹⁾	-	-	\$1.00	(1)
	75,000 ⁽²⁾	-	-	1.00	(2)
	50,000 ⁽³⁾	-	-	1.00	(3)
	50,000 ⁽⁴⁾	-	-	1.875	(4)
	-	-	25,000 ⁽⁵⁾	1.156	(5)
	-	-	25,000 ⁽⁶⁾	1.00	(6)

- (1) Vested October 1, 2001. Grant expires October 1, 2007 if not exercised.
- (2) 50% of this performance option grant vested when the common stock closed trading at \$2.00 or more per share for 10 consecutive days, and 50% of which vested when the closing price of our common stock was at \$3.00 or more for 10 consecutive days. Grant expires 90 days after termination of employment if not exercised.
- (3) Vested on February 1, 2006. Grant expires 90 days after termination of employment if not exercised.
- (4) Vested on November 1, 2006. Grant expires 90 days after termination of employment if not exercised.

- (5) Vests and becomes exercisable when the common stock closes trading at \$7.50 or more per share for 10 consecutive days, or on January 1, 2008. Grant expires 90 days after termination of employment if not exercised.
- (6) Vests and becomes exercisable when the common stock closes trading at \$7.50 or more per share for 10 consecutive days, or on June 1, 2009. Grant expires 90 days after termination of employment if not exercised.

Option Exercises and Stock Vested Table

No stock options were exercised by our Chief Executive Officer during the 2007 fiscal year.

Pension Benefits

We do not currently have any plans that provide for payments or other benefits at, following, or in connection with retirement.

Nonqualified Deferred Compensation

We do not currently have any defined contribution plan or other plan that provides for the deferral of compensation on a basis that is not tax-qualified.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of our common stock, to file reports of ownership and change in ownership with the SEC. Officers, directors and greater than 10% shareholders are required by SEC regulations to furnish us with copies of all forms they file pursuant to Section 16(a).

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that, except as set forth below, during the 2007 fiscal year, all such filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with. Mr. Osenbaugh and Mr. Babcock are each late in filing one Form 4 to reflect the shares transferred to their individual retirement accounts in the amount of 106,928 shares and 20,663 shares, respectively, from their Employee Stock Ownership Plan account when the Plan was terminated in December 2006.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The following table shows how much of our common stock was beneficially owned as of July 10, 2007, by (i) each known holder of 5% or more of our common stock, (ii) each director and director nominee, (iii) our executive officer and (iv) all directors and executive officer as a group. The information in this table is based upon information supplied by executive officers, directors and principal shareholders. To our knowledge and except as set forth in the footnotes to the table, each of the persons named in the table has sole voting and investment power with respect to all shares shown as beneficially owned, subject to community property laws where applicable. Unless indicated otherwise, each holder's address is c/o Timeline, Inc., 1700 Seventh Avenue, Ste. 2100, Seattle, Washington 98101.

The column labeled "Options/Warrants" below reflects shares of common stock that are subject to options or warrants that are currently exercisable or will become vested or exercisable within 60 days of July 10, 2007. Those shares are deemed outstanding for the purpose of computing the percentage ownership of the person holding these options or units, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Percentage ownership is based on 4,190,998 shares outstanding at the close of business on July 10, 2007.

<u>Beneficial Owner</u>	<u>Shares of Common Stock Beneficially Owned</u>			
	<u>Number of Shares</u>	<u>Options/Warrants Exercisable Within 60 Days</u>	<u>Total Beneficial Ownership</u>	<u>Percent of Total</u>
Charles R. Osenbaugh ⁽¹⁾	425,364	227,000	652,364	14.8%
Donald K. Babcock	157,839	-	157,839	3.8%
Kent L. Johnson	54,872	-	54,872	1.3%
Terry Harvey	214,741	10,000	224,741	5.3%
Infinium Software, Inc. 25 Communications Way Hyannis, MA 02601	291,500	-	291,500	7.0%
All directors and executive officers as a group (four persons) ⁽²⁾	852,816	237,000	1,089,816	24.6%

(1) Option numbers include (i) an aggregate of 25,000 shares issuable under a performance-based stock option held by Mr. Osenbaugh which vests and becomes exercisable when the common stock closes trading at \$7.50 or more per share for 10 consecutive days, or on January 1, 2008; and (ii) an aggregate of 25,000 shares issuable under a performance-based stock option held by Mr. Osenbaugh which vests and becomes exercisable when the common stock closes trading at \$7.50 or more per share for 10 consecutive days, or on June 1, 2009, provided Mr. Osenbaugh is then in our employment. Share numbers do not include 15,015 shares held in an individual retirement account belonging to Mr. Osenbaugh's spouse, 5,000 shares held in trust for Mr. Osenbaugh's niece, and 1,000 shares held in each of Mr. Osenbaugh's two daughters' accounts, for all of which shares Mr. Osenbaugh disclaims beneficial interest.

(2) Consists of Messrs. Osenbaugh, Babcock, Johnson, and Harvey.

Audit and Related Fees for Fiscal 2007 and 2006

The following table sets forth the aggregate fees billed by Williams & Webster, P.S. for professional services rendered to us during the past two fiscal years ended March 31, 2007 and 2006. The Audit Committee has considered these fees and services and has determined that the provision of these services is compatible with maintaining the independence of Williams & Webster, P.S.

	<u>2007</u>	<u>2006</u>
Audit Fees ⁽¹⁾	\$26,767	\$50,590
Audit Related Fees ⁽²⁾	N/A	N/A
Tax Fees ⁽³⁾	N/A	N/A
All Other Fees	N/A	N/A

(1) "Audit Fees" represent fees for professional services provided in connection with the audit of our annual financial statements and review of our quarterly financial statements included in our reports on Form 10-QSB, and audit services provided in connection with other statutory or regulatory filings.

(2) "Audit Related Fees" generally represent fees for assurance and related services reasonably related to the performance of the audit or review of our financial statements.

(3) "Tax Fees" generally represent fees for tax compliance, tax advice and tax planning services.

Policy for Approval of Audit and Permitted Non-Audit Services

The Audit Committee reviews the scope and extent of all audit and non-audit services to be provided by the independent auditors, including any engagement letters, and reviews and pre-approves all fees to be charged for such services. The Audit Committee may establish additional or other procedures for the approval of audit and non-audit services that our independent auditors perform. In pre-approving services to be provided by the independent auditors, the Audit Committee considers whether such services are consistent with applicable rules regarding auditor independence.

OTHER BUSINESS

As of the date of this Proxy Statement, the Board knows of no other business that will be presented for consideration at the Annual Meeting. If other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote the shares represented thereby on such matters in accordance with their best judgment.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "C. Osenbaugh", written in a cursive style.

Charles R. Osenbaugh
President and Chief Executive Officer

Seattle, WA
July 26, 2007