

STATE OF MINNESOTA	DISTRICT COURT
COUNTY OF HENNEPIN	FOURTH JUDICIAL DISTRICT

DANIEL GORDON, MICHAEL STOLEE,
VOCAL SIGNS, INC., DAVID
ELLINGSON, KARI A. WALLACE,
RECLAIM CENTER, INC., Individually and
On Behalf of All Others Similarly Situated,

Plaintiffs,

v.

MICROSOFT CORPORATION,

Defendant.

Case Type: Class Action
Court File Nos. MC 00-5994, 03-4162

JUDGE BRUCE A. PETERSON

PAMELA K. UGLEM, Individually and On
Behalf of All Others Similarly Situated,

Plaintiffs,

v.

MICROSOFT CORPORATION,

Defendant.

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into, subject to Court approval, as of _____, 2004, on behalf of the Minnesota Class (as defined below as plaintiffs), and Microsoft Corporation ("Microsoft" as defendant), in *Gordon et al. v. Microsoft Corporation*, Case No. 00-005994, and *Uglem v. Microsoft Corporation*, Case No. 03-4162, pending before Judge Bruce A. Peterson in the District Court for the County of Hennepin, Fourth Judicial

District ("All Cases").

WHEREAS, plaintiffs have made certain claims against Microsoft based upon alleged violations of Minnesota antitrust law;

WHEREAS, such plaintiffs contend that they and the members of certain certified classes have suffered damages and other injuries as a result;

WHEREAS, Microsoft denies each and every one of plaintiffs' allegations of unlawful conduct, damages and other injuries;

WHEREAS, after arm's-length negotiations between Lead Counsel for the Minnesota Class (as defined below) and Microsoft, this Settlement Agreement has been reached;

WHEREAS, the class representatives and Lead Counsel for the Minnesota Class have concluded, after investigation of the facts, and after carefully considering the circumstances, that it would be in the best interests of the Minnesota Class to enter into this Settlement Agreement; and both the class representatives and Lead Counsel for the Minnesota Class consider the Settlement set forth below to be fair, reasonable, adequate and in the best interests of the Minnesota Class;

WHEREAS, Microsoft has concluded that it will enter into this Settlement Agreement in order to, among other things, avoid the further expense, inconvenience, burden, uncertainty and risk of this litigation;

NOW, THEREFORE, it is agreed by the undersigned on behalf of the Minnesota Class and Microsoft, that All Claims (as defined below) of the Minnesota Class against Microsoft be settled and compromised, and that All Cases (as defined below) against Microsoft be dismissed with prejudice, without costs to any party (except as provided below), on the following terms and

conditions:

I. DEFINITIONS

For purposes of this Settlement Agreement, the following terms shall have the meanings set forth below.

- A. "All Cases" has been defined as *Gordon v. Microsoft Corporation* and *Uglem v. Microsoft Corporation*, as listed in Appendix A.
- B. "All Claims" means all claims, demands, actions, suits and causes of action against Microsoft and/or its directors, officers, employees, attorneys, insurers or agents, whether known or unknown, asserted or unasserted, that any member of the Minnesota Class ever had, could have had, now has or hereafter can, shall or may have, relating in any way to any conduct, act or omission which was or could have been alleged in any of the cases listed on Appendix A and which arise from or relate to the purchase, use and/or acquisition of a license for a Microsoft Operating System and/or Microsoft Application (as defined below) and where the claims, demands, actions, suits or causes of action concern or relate to any of the following: (a) antitrust (including without limitation the Sherman Antitrust Act, 15 U.S.C. §§ 1 *et seq.*, and the Minnesota Antitrust Law, Minn. Stat. § 325D.49 *et seq.*), (b) unfair competition, (c) unfair practices, (d) price discrimination, (e) trade regulation, (f) trade practices, and/or (g) other federal or state law, regulation or common law similar or analogous to any of the above. "All Claims" does not include (a) claims relating to the acquisition or licensing of Microsoft Operating System or Microsoft Application software for use outside of Minnesota, (b) claims arising from purchases directly from Microsoft Corporation of licenses for Microsoft Operating System or Microsoft Application software or (c) claims by competitors of Microsoft in their

