

Eligible Government Entities In California Will Receive Microsoft Antitrust Settlement Benefits

A Settlement has been reached in a class action lawsuit against Microsoft on behalf of government entities in California that acquired Microsoft Windows, MS-DOS, Office, Word, Excel, Works Suite, or Home Essentials software, between August 27, 2000 and March 31, 2005. The lawsuit, *City and County of San Francisco, et al. v. Microsoft Corporation*, Civil Action No. 04-cv-03705, MDL Docket No. 1332, is pending in United States District Court for the District of Maryland. If the Settlement is approved, Microsoft will provide \$70 million in settlement benefits for direct distribution to Eligible Members of the Settlement Class, which can be used for purchases of any brand of qualifying computer hardware or software made after June 23, 2006.

This is a summary notice. Read it carefully. More information can be found at www.MsCalGovSettlement.com or by calling the toll-free number 1-888-576-6535.

The Nature of the Action

A lawsuit filed by six California city and county government entities claims that Microsoft violated California's antitrust and unfair competition laws and overcharged for certain software described above. Microsoft denies that it did anything improper and contends that it developed and sold high quality and innovative software at fair and reasonable prices.

Government Entities Included in the Settlement Class

A government entity, located in California, is part of the Settlement Class if it indirectly licensed between August 27, 2000 and March 31, 2005: (i) Microsoft "Windows" or "MS-DOS" operating system software; or (ii) Microsoft "Word" word processing software and/or "Excel" spreadsheet software, either on a standalone basis or included in productivity suite applications compatible with Microsoft Windows or MS-DOS. Software licensed for the purpose of resale, or exclusively for servers or PDAs, does not qualify.

A government entity "indirectly licensed" Microsoft software and may be part of the Settlement Class if it legally acquired its software from a person or entity other than Microsoft – for example, from a computer manufacturer, retailer or another reseller. This includes software preinstalled on a new computer, or licensed separately.

Distribution of the Settlement Benefits

All of the settlement benefits will be distributed directly to "Eligible Members of the Settlement Class" which include all qualifying government entities located in California that: (i) were established by law as entities that have a legal existence which is separate and distinct from any other government entity; (ii) are not legally bound by a release of claims executed by or on behalf of any other government entity; (iii) have the independent legal capacity to levy taxes, incur debt and/or take title to real or personal property in their own names; (iv) indirectly licensed Microsoft software as described above; and (v) remain in existence after the Court grants final approval to the settlement and all appeals are resolved. The federal government, foreign governments and government entities from other states do not qualify as Eligible Members of the Settlement Class. There is a list of Eligible Class Members on the

following Web site: www.MsCalGovSettlement.com. That Web site also explains the requirements for inclusion and provides detailed instructions concerning what to do if you believe that you were incorrectly excluded from the Eligible Class Member List.

The settlement benefits will be allocated among the government entities included on the Eligible Class Member List based upon each such government entity's estimated proportionate share of the estimated total number of full time equivalent employees that are employed by the Settlement Class. The Eligible Members of the Settlement Class may further distribute settlement benefits among the departments, divisions, agencies and other subsidiary organizations operating under their authority as they deem appropriate, in their sole discretion. Visit www.MsCalGovSettlement.com, to review a detailed explanation of the method that will be used to allocate the settlement benefits among the Eligible Members of the Settlement Class.

Requesting Exclusion or Objecting to the Settlement

A member of the Settlement Class may request exclusion from the Settlement and relinquish any right to participate in the benefits described above. To request exclusion, an authorized representative of the government entity must send a letter **postmarked on or before November 20, 2006**, requesting exclusion to: Settlement Administrator, Microsoft – California Government Entities Settlement, P.O. Box 99, Minneapolis, MN 55440-0099. The letter must include the case name and number (provided above), the sender's name, position, signature, a statement that he or she is authorized to request exclusion on behalf of the Settlement Class member, and a statement under penalty of perjury specifying the number of full time equivalent employees currently employed by the class member. The Court will exclude from the class any member who validly requests exclusion. Any member of the Settlement Class that does not request exclusion from the Settlement will automatically remain in the Settlement Class, and will be bound by the Settlement Agreement and final judgment. Microsoft will be released from liability for all claims associated with the litigation and Class Members won't be able to sue, or continue to sue, Microsoft for that liability.

On or before November 20, 2006, a government entity whose claims against Microsoft will be released under the Settlement Agreement can object in writing to the Settlement, or any part of it, including the proposed payment of Class Counsel's fees and expenses by Microsoft, if the entity believes it has a legal basis for objecting to the Court's approval of the Settlement. The Detailed Notice explains how to submit an objection.

The Court will hold a hearing at 9:30 a.m. on February 9, 2007, at the United States District Court, District of Maryland, 101 W. Lombard St., Baltimore, Maryland 21201, to decide whether the Settlement is fair, reasonable and adequate. The Court will also consider Class Counsel's request for \$6.35 million in attorneys fees and expenses, plus additional fees and expenses for legal work after February, 2006. If there are objections, the Court will consider them. After the hearing, the Court will decide whether to grant final approval of the Settlement. Any Class Member may enter an appearance through its own counsel if the Class Member so desires.

**To Review the Settlement Agreement and a Detailed Notice,
Call: 1-888-576-6535 or Visit: www.MsCalGovSettlement.com**