

**OFFICIAL COURT NOTICE OF
MICROSOFT CLASS ACTION SETTLEMENT**

Consumers and Businesses May Claim Microsoft Settlement Benefits

If you resided in the District of Columbia and purchased licenses for certain Microsoft operating system or Word, Excel or Office software, or a personal computer that came with this software, from a company other than Microsoft between February 15, 1996 and December 31, 2002

THIS COURT-ORDERED NOTICE MAY AFFECT YOUR RIGHTS

A court authorized this notice. This is not a solicitation from a lawyer.

- This notice is given pursuant to an Order of the Superior Court for the District of Columbia, dated September 19, 2003, in *Bernard v. Microsoft Corp.*, Nos. 00-1110, 00-3042, and *Knight v. Microsoft Corp.*, No. 1:00 cv02134.
- The purpose of the notice is to inform you of the terms of a proposed settlement entered into between Plaintiffs and Defendant Microsoft Corporation so that you may decide what steps you wish to take.
- The proposed settlement will make available vouchers on a claims-made basis that entitle people and businesses to be reimbursed up to the face amount of their vouchers for the purchase of desktop, laptop or tablet computers, printers, scanners, monitors, keyboards, pointing devices (*e.g.*, a mouse or trackball) and generally available software made by any manufacturer that is capable of running on the hardware described above. The settlement applies to consumers and businesses who, between February 15, 1996 and December 31, 2002, resided in the District of Columbia and indirectly purchased certain Microsoft Windows, MS-DOS, Office, Word, or Excel software for use in the District of Columbia and not for resale. Excluded from the settlement are government entities. The total amount of the vouchers issued will depend on the number of Class Members who claim and are issued the vouchers for which they are eligible. The maximum amount of the vouchers to be issued is \$6,200,000.
- Your legal rights are affected whether you act or do not act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

Submit a Claim Form--This is the only way to get settlement benefits (*i.e.*, vouchers that can be redeemed for cash after the purchase of computer hardware or software).

Object--Write to the Court if you do not like the proposed settlement.

Exclude Yourself--Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Microsoft about the legal claims in this case.

Go to a Hearing--Ask to speak in Court about the fairness of the proposed settlement or attorneys' fees.

- These rights and options--**and the deadlines to exercise them**--are explained in this notice.
- The Court in charge of this case has granted preliminary approval of the settlement but still has to decide whether to grant final approval. Vouchers will be distributed after the Court grants final approval of the proposed settlement and any appeals are resolved.

Questions Call 1-877-208-9421

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BASIC INFORMATION

1. Why was this notice issued?

The Court issued this notice because you have a right to know about a proposed settlement of a class action lawsuit that the Court has preliminarily approved. You also are entitled to know how you may make a claim for the benefits of the settlement and about all of your options. If the Court grants final approval and any appeals are resolved, valuable benefits will be distributed to those who submitted their Claim Forms before August 2, 2004. This deadline might be extended.

This notice explains the lawsuit, the proposed settlement, your legal rights, what benefits are available, who is eligible for them, and how to fill out a Claim Form to get them.

Judge Cheryl M. Long of the Superior Court for the District of Columbia is in charge of the proposed settlement. The individuals that sued are called the Plaintiffs and the company they sued, Microsoft Corporation ("Microsoft"), is called the Defendant.

2. What is this lawsuit about?

Lawsuits filed in the District of Columbia claim that Microsoft violated the District of Columbia's antitrust and unfair competition laws and thereby overcharged consumers for certain of its operating system, word processing and spreadsheet software. Microsoft does not admit it did anything wrong and contends that it developed and sold high quality and innovative software at fair and reasonable prices.

In settling this action, Microsoft has agreed to provide vouchers to the District of Columbia users of its software. The total amount of the vouchers issued will depend on the number of Class Members who claim and are issued the vouchers for which they are eligible; the maximum amount of the vouchers to be issued is \$6,200,000. If less than the full amount of the vouchers are issued to Class Members, Microsoft will issue vouchers to public schools in the District of Columbia that serve students from low income households. The amount of vouchers issued to schools will be 50% of the difference between \$6,200,000 and the value of the vouchers issued to Class Members. More information can be found in a copy of the Settlement Agreement available at www.microsoftproductssettlement.com/districtofcolumbia, or by calling 1-877-208-9421.

3. Why is this a class action?

In a class action, one or more person(s) or business(es) called Class Representatives sue on behalf of those with similar claims. All of these people and businesses together are called a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. The Class Members are all people and businesses who, between February 15, 1996 and December 31, 2002, resided in the District of Columbia and indirectly purchased the Microsoft software listed in Question 5 below either by itself or installed on a computer for use in the District of Columbia and who did not purchase it for resale. Excluded from the settlement are government entities.

4. Why is there a settlement?

The Court did not decide in favor of the Plaintiffs or Microsoft. Instead, both sides agreed to a settlement. In this way, Plaintiffs and Microsoft avoid the uncertainty and cost of a trial, and those included in the Class will get an opportunity to receive vouchers on a claims-made basis. The Class Representatives and the attorneys appointed by the Court to represent the Class believe the settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the settlement?

You are entitled to settlement benefits if you are within the following group:

All persons or entities who, between February 15, 1996 and December 31, 2002, resided in the District of Columbia and indirectly purchased in the United States a Microsoft Operating System and/or Microsoft Application for use in the District of Columbia and who did not purchase it for the purpose of resale. Excluded from the settlement are all government entities of any kind, all direct purchasers, and Microsoft, its officers, directors, successors, assigns and subsidiaries.

You "indirectly purchased" Microsoft software and may be part of the settlement if you legally acquired your software from a person or entity other than Microsoft. For example, you indirectly purchased your software if you purchased your Microsoft software directly from a computer manufacturer, a retailer or another reseller.

Microsoft Operating Systems are specifically defined as the MS-DOS and Windows products listed in Appendices A-1 and A-3 to the Settlement Agreement, but generally include MS-DOS, Windows versions 1.0 to 3.11, Windows 95, Windows 98, Windows Millennium Edition, Windows for Workgroups, Windows NT Workstation and Windows 2000 Professional. Microsoft Applications are specifically defined in Appendix A-2 to the Settlement Agreement, but generally include Word, Excel and Office versions designed for computers with MS-DOS or Windows operating systems.

Keep in mind that you or your business may have purchased a computer on which the software was already installed. That may also make you or your business part of the Class.

6. Are there exceptions to being included in the settlement?

Excluded from the settlement are all government entities of any kind, all direct purchasers, and Microsoft, its officers, directors, successors, assigns and subsidiaries.

7. What if I'm not sure whether I'm included in the settlement?

If you are not sure whether you or your business is included in the Class, you may call 1-877-208-9421 with questions. You may also write with questions to the lawyers appointed to represent the Class at Class Counsel, Microsoft District of Columbia Settlement, 401 B Street, Suite 1700, San Diego, CA 92101. **DO NOT CALL THE COURT.**

Questions Call 1-877-208-9421

THE SETTLEMENT BENEFITS—WHAT YOU GET

8. What does the settlement provide?

The proposed settlement will make available vouchers on a claims-made basis that entitle Class Members to be reimbursed up to the face amount of their vouchers for purchases made after September 19, 2003 of any brand of qualifying computer hardware or software described below (see Question 13). The total amount of the vouchers issued will depend on the number of Class Members who are issued the vouchers for which they are eligible. The maximum amount of the vouchers to be issued is \$6,200,000. If less than the full \$6,200,000 in vouchers are issued to Class Members, Microsoft will issue vouchers for certain hardware, software and technology services to public schools in the District of Columbia that serve students from low income households. The amount of vouchers issued to schools will be 50% of the difference between \$6,200,000 and the value of the vouchers that are issued to Class Members.

9. How much will the vouchers be worth?

You may submit claims for each copy of the software products listed below that, between February 15, 1996 and December 31, 2002, you lawfully and indirectly purchased in the United States for use in the District of Columbia and not for resale. The vouchers are worth:

- \$10 for each Microsoft Windows 95, 98 or Millennium Edition operating system software license
- \$5 for each Microsoft MS-DOS, Windows versions 1.0 to 3.11, Windows for Workgroups, Windows NT Workstation or Windows 2000 Professional operating system software license
- \$5 for each Microsoft Office, Word or Excel software license designed for computers with MS-DOS or Windows operating systems

- Note: You cannot make a claim for Microsoft operating systems used on computer servers.

HOW TO GET VOUCHERS—SUBMITTING A CLAIM FORM

10. How can I get vouchers?

To qualify for vouchers, you must fill out and submit a Claim Form on time. If your claim is for 5 or fewer licenses, you can complete and mail a Claim Form, and you do not have to provide any additional documents or proof about your software unless the Settlement Administrator audits your claim and asks you for documentation. If you have more than five licenses or your software was acquired through a volume license program (e.g., “Open,” “Select” or “Enterprise” licenses), you will need to provide additional information about your purchase.

Claim Forms are available at www.microsoftproductssettlement.com/districtofcolumbia that can be printed, filled out, and mailed in. You can also get Claims Forms by calling 1-877-208-9421 or writing to the address below. Read the instructions carefully, fill out the Claim Form completely, and mail it postmarked by **August 2, 2004**, to:

Settlement Administrator
Microsoft-District of Columbia Settlement
P.O. Box 3778
Portland, OR 97208-3778

This deadline might be extended. Claims may be audited and persons or companies that file false or fraudulent claims may be prosecuted to the full extent of the law.

11. When will I get the vouchers?

You should send in your Claim Form so that it is postmarked by **August 2, 2004**. Vouchers will be mailed to Class Members shortly after the Court grants “final approval” of the settlement and any appeals are resolved. The Court is scheduled to consider final approval at a hearing on **June 2, 2004** (see the section “The Court’s Fairness Hearing” below).

12. How and when can I use the vouchers?

You can redeem your vouchers for cash by submitting proof of your purchase of qualifying products (listed in answer to Question 13 below) either with your Claim Form or with your voucher to the Settlement Administrator. The Settlement Administrator will send you a check for the amount you redeemed. Your voucher will explain the redemption procedure in more detail. Once the vouchers are issued, they can be used until August 2, 2008.

13. What can I buy with the vouchers?

You can submit your vouchers to be reimbursed up to the face value of your vouchers for all or part of the price you paid for any purchases you made or make after September 19, 2003 of Qualifying Hardware or Qualifying Software. Qualifying Hardware includes any desktop, laptop, or tablet computers made by any manufacturer for any operating system platform, and printers, scanners, monitors, keyboards, and pointing devices (e.g., a mouse or a trackball). Qualifying Software includes any non-custom software offered by any software vendor for use on a desktop, laptop or tablet computer. The qualifying computer hardware or software does not have to be a Microsoft product. Personal Digital Assistants (PDAs), computer servers, server software and custom software are excluded from the products that may be obtained through the settlement. Class members whose total claim is \$950 or more must purchase a computer in order to be eligible to use vouchers for printers, scanners, monitors, keyboards and pointing devices. More than one voucher can be used for a single purchase.

14. What if I have a volume license claim for Microsoft software?

A “volume license” is a license issued under Microsoft’s “Open,” “Select” or “Enterprise” license programs. Included in the Claim Forms are directions that explain the information needed to verify volume license claims. The directions also tell you how to find the necessary license information online using Microsoft’s own volume license records. Microsoft’s records may not be complete so you will also want to verify them with your own records, if possible. You may also require Microsoft to search its records for your volume license information

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by calling 1-877-208-9421. You can also call that toll-free number to obtain a password and other information needed to access these online volume license records.

15. Can I transfer my vouchers to someone else?

With some limitations you are free to transfer your settlement vouchers to others. Up to \$650 of vouchers that a Class Member receives can be transferred to other persons or organizations provided they intend to use the vouchers or products acquired with the vouchers for their own personal or business use. The vouchers can only be transferred once. A transferee may not redeem more than \$10,000 in transferred vouchers.

16. How will the settlement help schools in the District of Columbia?

In the event that less than \$6,200,000 in vouchers are issued to Class Members, Microsoft will issue certain vouchers to those public elementary, middle, junior high and high schools (K-12) in the District of Columbia at which at least 50% of the attending students are eligible to receive free or reduced-priced meals through the National School Lunch Program. The amount of vouchers issued to schools will be 50% of the difference between \$6,200,000 and the value of the vouchers that are issued to Class Members.

One half of the vouchers distributed to the schools can be used for computers and other hardware, software, professional development services, support services, training and non-custom computer products for students with special needs. The other half of the vouchers can be used for certain types of generally available software sold by any software company.

17. What claims against Microsoft am I releasing?

When the settlement becomes final—even if you do not submit a claim—you will be releasing Microsoft from liability for all claims associated with this case and you will be bound by the release in the Settlement Agreement. Copies of the Settlement Agreement and Release are available at www.microsoftproductssettlement.com/districtofcolumbia, or by calling 1-877-208-9421. The release states that upon final approval of the settlement:

Each Class Member expressly and irrevocably waives and fully, finally and forever settles and releases 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 Class Member ever had, could have had, now has or hereafter can, shall or may have

(1) relating in any way to any conduct, act or omission which was or could have been alleged in this case as the basis for any antitrust or unfair competition claims, or

(2) arising from the purchase, use and/or acquisition of a license for a Microsoft Operating System and/or Microsoft Application and arising under or related to any laws concerning or relating to (a) antitrust (including without limitation the Sherman Antitrust Act, 15 U.S.C. §§ 1, *et seq.*), (b) unfair competition, (c) unfair practices, (d) consumer protection, (e) price discrimination, (f) unconscionable or unfair pricing, (g) trade regulation, (h) trade practices, (i) laws pertaining to restraints of trade or commerce, or unfair methods of competition (D.C. Code §§ 28-4502 and 4503, *et seq.*), (j) laws pertaining to unconscionable or unfair pricing (D.C. Code §§ 28:2-302, *et seq.*), or (k) any other federal or state law, regulation or common law similar or analogous to any of the above, or

(3) relating in any way to any conduct, act or omission that was or could have been alleged in this case as the basis for any claim under the Uniform Commercial Code that relates to (a) unfair competition, (b) unfair practices, (c) consumer protection, (d) price discrimination, (e) unconscionable or unfair pricing, (f) trade regulation, or (g) trade practices.

The release does not include claims relating to Microsoft's conduct, acts or omissions that take place after December 31, 2002. However, Class Members release any and all claims described above relating to Microsoft's conduct, acts or omissions that occurred on or before December 31, 2002.

18. Can I participate in another lawsuit against Microsoft?

Unless you exclude yourself, as explained in answer to Question 19 below, you cannot sue, continue to sue, or be part of any lawsuit against Microsoft for the claims that this settlement resolves. Your release of Microsoft is quoted in full, in answer to Question 17 above. As a consequence of this settlement, you are releasing Microsoft of all claims described above with respect to Microsoft's conduct, acts or omissions that occurred up to December 31, 2002.

EXCLUDING YOURSELF FROM THE SETTLEMENT

19. How do I exclude myself from the settlement?

If you do NOT want to remain in the Class or participate in the settlement, you must mail a written request for exclusion to the Settlement Administrator at the following address: Settlement Administrator, Microsoft-District of Columbia Settlement, P.O. Box 4235, Portland, OR, 97208-4235. If you exclude yourself, you will not receive any settlement benefits and will not be bound by any orders of judgments of the court in this case.

The request for exclusion must be postmarked on or before May 4, 2004. It must contain your name, address, signature, a statement clearly expressing your intent to be excluded, and a reference to *Bernard v. Microsoft Corp.*, Nos. 00-1110 and 00-3042, and *Knight v. Microsoft Corp.*, No. 1:00 cv02134. Unless you exclude yourself, you will be bound by the Court's orders and judgment in this case, whether favorable or not.

THE LAWYERS REPRESENTING YOU

20. Do I have lawyers in this case?

The Court appointed the following law firms to represent you and other Class Members as "Class Counsel": Milberg, Weiss, Hynes, Bershad & Lerach, LLP (619-231-1058); Heideman, Lezell, Nudelman & Kalik, P.C. (202-462-8990); Mark D. Bogen, P.C. (954-429-

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8967); Hall, Estill, Hardwick, Gable, Golden & Nelson, P.C. (202-973-1200); and Thomas C. Wilcox (202-638-7542). You do not have to pay Class Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

21. How will the lawyers be paid?

Class Counsel appearing in this case will ask the Court for attorneys' fees and expenses up to \$1.55 million and a payment of \$3,000 each for up to four Class Representatives. Class Counsel and Microsoft will attempt to negotiate the amount of fees and expenses to be paid by Microsoft and, if they cannot agree, Microsoft will oppose Plaintiffs' request. The Court will evaluate Class Counsel's request and award those fees and expenses it concludes are reasonable. Microsoft will pay the fees and expenses that the Court awards in addition to the vouchers of up to \$6,200,000 it has agreed to make available on a claims-made basis to you and other Class Members. The amount paid to Class Counsel will not reduce the number or value of the vouchers distributed to Class Members or schools. Microsoft will also separately pay the cost of notice to the class and the costs of administering the settlement.

OBJECTING TO THE SETTLEMENT OR ATTORNEYS' FEES

22. How do I tell the Court that I don't like the settlement?

If you are a Class Member and do not exclude yourself, you can object to the settlement, including the amount of Class Counsel's attorneys' fees and expenses. To object, you must send a letter saying that you object to the settlement in *Bernard v. Microsoft Corp.* and *Knight v. Microsoft Corp.* Be sure to include the case numbers (Nos. 00-1110, 00-3042, and 1:00 cv02134), your name, address, telephone number, your signature, and the reasons why you object to the settlement or attorneys' fees. Send the objection to these four different places so that they receive it by **May 13, 2004**:

COURT

Clerk of the Court
Superior Court for the District of Columbia
H. Carl Moultrie I Courthouse
500 Indiana Avenue, N.W.
Washington, D.C. 20001

CLASS COUNSEL

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1120 20th St., N.W.
Washington, D.C. 20036

THE COURT'S FAIRNESS HEARING

23. When and where will the Court decide whether to grant final approval?

The Court has scheduled a hearing for **2:00 p.m.** on **June 2, 2004**, in Courtroom 202 of the H. Carl Moultrie I Courthouse, 500 Indiana Avenue, N.W., Washington, D.C. 20001. At this hearing, the Court will consider whether the settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court may also decide how much to pay to Class Counsel. After the hearing, the Court will decide whether to grant final approval of the settlement.

24. May I speak at the hearing?

You may come to the hearing at your own expense. If you send a written objection, you don't have to come to Court to talk about it. As long as you send your written objection so that it arrives on time, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary.

You may ask the Court for permission to speak at the hearing. To do so, you must send a letter saying that it is your "Notice of Intention to Appear in *Bernard v. Microsoft Corp.* and *Knight v. Microsoft Corp.*" Be sure to include the case numbers (Nos. 00-1110, 00-3042, and 1:00 cv02134), your name, address, telephone number, and signature. This letter must be received no later than **May 13, 2004**, and be sent to the Clerk of the Court, Class Counsel, and Defense Counsel at the four addresses listed in the answer to Question 22.

IF YOU DO NOTHING

25. What happens if I do nothing at all?

If you do nothing, you will not get any vouchers from this settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Microsoft, concerning the claims this settlement resolves. See Question 17 for a full description of the claims this settlement will resolve.

GETTING MORE INFORMATION

26. How do I get more information about the settlement?

This notice summarizes the proposed settlement. More details are in a Settlement Agreement. You can get a copy at www.microsoftproductssettlement.com/districtofcolumbia or by calling 1-877-208-9421. You may also write with questions to Class Counsel, Microsoft District of Columbia Settlement, 401 B St., Suite 1700, San Diego, CA 92101. **DO NOT CALL THE COURT.**

You can get a Claim Form at www.microsoftproductssettlement.com/districtofcolumbia, or by calling 1-877-208-9421. Microsoft employees cannot answer questions about this settlement.

DATE: December 31, 2003

Questions Call 1-877-208-9421