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18 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
19 FOR THE COUNTY OF SAN MATEO

20 CHARLES WHITE,  
21 Plaintiff,

22 vs.

23 RADHA R. BASU, MANUEL DIAZ, KEVIN  
24 C. EICHLER, EDWARD S. RUSSELL, and  
25 JAMES THANOS,

26 Defendants,

27 --and--

28 SUPPORTSOFT, INC., a Delaware  
Corporation,

Nominal Defendant.

**FILED**  
SAN MATEO COUNTY

OCT 24 2007

Clerk of the Superior Court  
G. ARSHAD

By \_\_\_\_\_  
DEPUTY CLERK

Case No. 451677

**STIPULATION OF SETTLEMENT OF  
DERIVATIVE CLAIMS**

This Stipulation of Settlement (the "Stipulation") is entered into this 23rd day of October, 2007, by and among the following parties to the above entitled action (the "Action"): (i) derivative plaintiff Charles White ("Plaintiff"); (ii) individual defendants Radha R. Basu, Manuel Diaz, Kevin C. Eichler, Edward S. Russell and James Thanos ("the Individual Defendants"); (iii) and nominal defendant SupportSoft, Inc. ("SupportSoft" or the "Company"), each by and through their respective

1 counsel of record in the Action. The Stipulation is intended by the parties hereto (the "Settling  
2 Parties") to fully, finally and forever resolve the Action upon and subject to the terms and conditions  
3 hereof.

#### 4 THE ACTION

5  
6 This is a shareholder derivative action brought on behalf of SupportSoft, a Delaware  
7 corporation with its principal place of business in Redwood City, California. Plaintiff alleges that  
8 the Individual Defendants, who are or were officers and/or directors of the Company, caused  
9 SupportSoft to issue a series of false and misleading statements which concealed problems in the  
10 Company's business, artificially inflated SupportSoft's stock price between January 20, 2004 and  
11 October 1, 2004 (the "Relevant Period"), and sold \$3.5 million in Company stock at times when  
12 they were in possession of adverse material, non-public information regarding SupportSoft's  
13 financial condition. Plaintiff also alleges that the Individual Defendants breached their fiduciary  
14 duties to the Company, committed acts of gross negligence, breached their contracts as directors of  
15 the Company, breached their duties of loyalty to the Company and violated Cal. Corp. Code § 25402  
16 by engaging in this conduct and other conduct more fully described in plaintiff's Second Amended  
17 Complaint.

#### 18 PROCEDURAL HISTORY

19  
20 Plaintiff filed his initial Complaint on December 19, 2005. On February 2, 2006, Defendants  
21 demurred to the Complaint and sought a stay of discovery. On March 29, 2006, Plaintiff filed a  
22 motion to compel certain discovery and, on April 5, 2006, Plaintiff filed his opposition to the  
23 demurrer. On May 10, 2006, the Court sustained the demurrer with leave to amend and granted  
24 Plaintiff 60 days to file an amended complaint, to permit Plaintiff to serve a request for books and  
25 records on the Company. On July 10, 2006, Plaintiff filed his First Amended Complaint, to which  
26 Defendants demurred on August 11, 2006. On August 31, 2006, Plaintiff filed his opposition to the  
27 demurrer. On October 4, 2006, the Court overruled the demurrer in part and sustained it in part with  
28 leave to amend. Plaintiff filed a Second Amended Complaint on October 27, 2006, which

1 Defendants answered on November 6, 2006. On January 5, 2006, Plaintiff served his first request  
2 for production of documents, pursuant to which defendants produced hundreds of thousands of  
3 pages, which were reviewed and analyzed by Plaintiff's Counsel. Plaintiff's Counsel also hired an  
4 investigative firm, which interviewed over a dozen former employees of the Company. Thereafter,  
5 the parties commenced settlement negotiations and engaged the services of Hon. Layn R. Phillips, a  
6 retired U.S. District Judge and well-respected mediator, to assist in those negotiations. To facilitate  
7 these negotiations, the parties agreed to several continuances of case management conferences. After  
8 a substantial period of negotiation, the parties reached agreement on the terms of the settlement  
9 contained herein, including the corporate governance changes set forth in Exhibit A hereto and  
10 described below.

11  
12 **DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

13 Defendants deny the material allegations contained in each of the complaints and any other  
14 pleadings filed in the Action. Defendants expressly deny all charges of wrongdoing or liability  
15 arising out of any of the conduct, statements, acts or omissions alleged, or that could have been  
16 alleged, in the Action. Defendants further assert that they acted in good faith and in a manner they  
17 reasonably believed to be in the best interests of SupportSoft and its stockholders and in accordance  
18 with all applicable rules, regulations and laws.

19 Defendants have indicated their intent to contest vigorously each allegation and claim  
20 asserted against them by Plaintiff. Nonetheless, Defendants have concluded that the further conduct  
21 of the Action would be protracted and expensive, and that it is desirable that the Action be fully and  
22 finally settled in the manner and upon the terms and conditions set forth in this Stipulation in order  
23 to limit further expense, inconvenience and distraction, to dispose of burdensome and protracted  
24 litigation, and to permit the operation of SupportSoft's business without further expensive litigation  
25 and the distraction of personnel with respect to the matters in issue in the Action.

26 Defendants enter into this Stipulation and settlement based upon, among other things, the  
27 Settling Parties' agreement herein that, to the fullest extent permitted by law, neither this Stipulation  
28 nor any of its terms or provisions, nor any of the negotiations or proceedings connected therewith,