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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN MATEO

SCHUBERT & REED LLP
Three Embarcadero Center, Suite 1650
San Francisco, CA 94111
(415) 788-4220

CHARLES WHITE,
Plaintiff,

vs.

RADHA R. BASU, MANUEL DIAZ, KEVIN
C. EICHLER, EDWARD S. RUSSELL,
JAMES THANOS, and DOES 1-50,

Defendants,

--and--

SUPPORTSOFT SYSTEMS, INC., a Delaware
Corporation,

Nominal Defendant.

No. 451677

NOTICE OF ENTRY OF ORDER

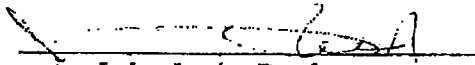
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TO ALL PARTIES AND TO THEIR COUNSEL OF RECORD HEREIN:

PLEASE TAKE NOTICE that on December 10, 2007 the Court entered the following order:
Order Preliminarily Approving Settlement And Providing For Notice. A true and correct copy of
this order is attached hereto as Exhibit A, and incorporated by reference.

Date: December 10, 2007

SCHUBERT & REED LLP

By: 
Juden Justice Reed

Three Embarcadero Center, Suite 1650
San Francisco, CA 94111
Tel.: (415) 788-4220
Fax: (415) 788-0161

Counsel for Derivative Plaintiff

SCHUBERT & REED LLP
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PROOF OF SERVICE BY FACSIMILE AND U.S. MAIL

I, the undersigned, state that I am employed in the City and County of San Francisco, State of California; that I am over the age of eighteen (18) years and not a party to the within action; that I am employed at Schubert & Reed LLP, Three Embarcadero Center, Suite 1650, San Francisco, California 94111; that on the date set out below, I served a true copy of the attached document entitled

1. NOTICE OF ENTRY OF ORDER: ORDER PRELIMINARILY APPROVING SETTLEMENT AND PROVIDING FOR NOTICE

on the person listed below, by transmitting said copy via facsimile during regular business hours from the office of Schubert & Reed LLP to the facsimile number given below and by placing said copy enclosed in a sealed envelope with postage thereon fully prepaid, in the United States mailbox at San Francisco, California, addressed as follows:

Peri Nielsen, Esq.
Wilson Sonsini Goodrich & Rosati, P.C.
650 Page Mill Road
Palo Alto, CA 94304
Facsimile: (650) 565-5100

Counsel for Nominal Defendant and Individual Defendants

James E. Miller
Patrick A. Klingman
Shepherd Finkelman Miller & Shah, LLC
65 Main Street
Chester, CT 06412
Facsimile: (860) 526-1120

Marc L. Ackerman
Brodsky & Smith, LLC
Two Bala Plaza, Suite 602
Bala Cynwyd, PA 19004
Facsimile: (610) 667-9029

Counsel for Derivative Plaintiff

I declare under penalty of perjury that the foregoing is true and correct.
Executed this 10th day of December, 2007 in San Francisco, California.

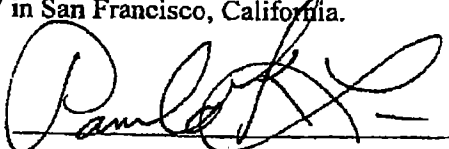

Pamela Lee

EXHIBIT A

1 ROBERT C. SCHUBERT S.B.N. 62684
2 JUDEN JUSTICE REED S.B.N. 153748
3 MIRANDA KOLBE S.B.N. 214392
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10 JAMES E. MILLER
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13 SHEPHERD FINKELMAN MILLER & SHAH, LLC
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19 *Counsel for Derivative Plaintiff*

FILED
SAN MATEO COUNTY
DEC 10 2007
BY *[Signature]*
DEPUTY CLERK

SCHUBERT & REED LLP
Three Embarcadero Center, Suite 1650
San Francisco, CA 94111
(415) 788-4220

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 FOR THE COUNTY OF SAN MATEO

14 CHARLES WHITE,
15 Plaintiff,
16
17 vs.
18 RADHA R. BASU, MANUEL DIAZ, KEVIN
19 C. EICHLER, EDWARD S. RUSSELL, and
20 JAMES THANOS,
21 Defendants,
22 --and--
23 SUPPORTSOFT, INC., a Delaware
24 Corporation,
25 Nominal Defendant.

Case No. 451677
CM
[PROPOSED] ORDER PRELIMINARILY
APPROVING SETTLEMENT AND
PROVIDING FOR NOTICE

25 WHEREAS, a shareholder derivative action is pending before this Court entitled *White v.*
26 *Basu et al.*, Case No. 451677, and the parties have filed with the Court on October 24, 2007 a
27 Stipulation of Settlement thereof (the "Stipulation");
28

Case No. 451677
[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT AND PROVIDING FOR NOTICE

SCHUBERT & REED LLP
Three Embarcadero Center, Suite 1650
San Francisco, CA 94111
(415) 778-4220

1 WHEREAS, the parties appeared before the Court December 6, 2007, seeking the Court's
2 approval of the terms of the settlement embodied in the Stipulation;

3 WHEREAS, the Court has reviewed plaintiff's agreed upon motion for approval of the
4 settlement terms, and heard the argument of counsel for the parties thereon;

5 WHEREAS, the Court indicated at the December 6, 2007 hearing that, upon submission of a
6 form of notice to SupportSoft, Inc. shareholders, the Court would grant preliminary approval of the
7 proposed settlement, order notice thereof to SupportSoft's shareholders, and set a hearing for final
8 approval of the proposed settlement;

9 NOW THEREFORE, IT IS HEREBY ORDERED

10 1. The Court hereby preliminarily approves the Stipulation and the settlement terms set
11 forth therein, subject to further consideration at the Final Approval Hearing, described below.

12 2. A hearing (the "Final Approval Hearing"), shall be held Monday, February 11, 2008
13 at 9:00 a.m. in Dept. 1 at 800 North Humboldt Street, San Mateo, California 94401 to determine
14 whether the proposed settlement of this Litigation should be approved as fair, reasonable and
15 adequate and in the best interests of SupportSoft, Inc., whether judgment should be entered
16 dismissing the Litigation with prejudice and without costs, whether an award of attorney's fees and
17 costs should be granted, and whether an incentive award should be granted to plaintiff. The Court
18 may adjourn the Final Approval Hearing without further notice to SupportSoft, Inc. shareholders.

19 3. The Court approves, as to form and content, the attached Notice of Pendency of
20 Shareholder Derivative Action and Proposed Settlement (the "Notice") and finds that distributing a
21 copy of the Notice to each SupportSoft, Inc. shareholder of record as of December 10, 2007, by first
22 class mail meets the requirements of due process, is the best notice practicable under the
23 circumstances and shall constitute due and sufficient notice to all persons entitled thereto.

24 4. Pending final determination of whether the settlement should be approved, the
25 derivative plaintiff shall not, either directly, representatively, or in any other capacity, commence or
26 prosecute against any of the Released Persons, any action or proceeding in any court or tribunal
27 asserting any of the Released Claims.

28

Case No. 451677

[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT AND PROVIDING FOR NOTICE

Page 2

SCHUBERT & REED LLP
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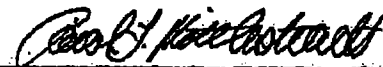
1 5. Any current shareholder of SupportSoft, Inc. may appear at the Final Approval
2 Hearing to show cause why the proposed settlement should or should not be approved, why the
3 application for an award of attorneys' fees and reimbursement of expenses and incentive award to
4 Plaintiff should or should not be approved, or why a judgment should or should not be entered
5 thereon; provided, however, that no such person shall be heard, unless their objection or opposition
6 including the basis therefore is made in writing and is filed together with proof of that person's
7 ownership of SupportSoft, Inc. common stock as of December 10, 2007, together with copies of all
8 other papers and briefs to be submitted by them, with the Court no later than January 28, 2008, and
9 showing due proof of service on counsel for the parties. Any shareholder of SupportSoft, Inc. who
10 does not make an objection or opposition in the manner provided shall be deemed to have waived all
11 objections and opposition, and shall forever be foreclosed from making any objection to the fairness,
12 reasonableness and adequacy of the proposed settlement, and to any award of attorneys' fees or
13 expenses to Derivative Counsel, and to an incentive award to Plaintiff, unless otherwise ordered by
14 the Court.

15 6. Any further submission in support of settlement, award of attorneys' fees and
16 reimbursement of expenses, or payment of an incentive award to plaintiff, shall be filed with the
17 Court and served no less than seven (7) days prior to the Final Approval Hearing, though no such
18 further submission shall be required.

19 7. The Court may approve the settlement, with such modifications as may be agreed to
20 by the settling parties, if appropriate, without further notice to the SupportSoft, Inc. shareholders.

21 IT IS SO ORDERED.

22 Dated: December 10, 2007



Hon. Carol L. Mittlesteadt
Judge of the Superior Court

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Three Embarcadero Center, Suite 1650
San Francisco, CA 94111
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Telephone: (860) 526-1100
9 Facsimile: (860) 526-1100

10 *Counsel for Derivative Plaintiff*

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 FOR THE COUNTY OF SAN MATEO

14 CHARLES WHITE,
15 Plaintiff,

16 vs.

17 RADHA R. BASU, MANUEL DIAZ, KEVIN
C. EICHLER, EDWARD S. RUSSELL, and
18 JAMES THANOS,
19 Defendants,

20 -and-

21 SUPPORTSOFT, INC., a Delaware
Corporation,
22 Nominal Defendant.

Case No. 451677

NOTICE OF PENDENCY OF
SHAREHOLDER DERIVATIVE ACTION
AND PROPOSED SETTLEMENT

Date: February 11, 2008
Time: 9:00 a.m.
Dept: 1
Hon. Carol L. Mittlesteadt

25 TO ALL PERSONS AND ENTITIES WHO WERE PUBLIC COMMON
SHAREHOLDERS OF SUPPORTSOFT, INC., AS OF DECEMBER 10, 2007.

26 PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.
27 YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN
THIS LITIGATION. IF YOU ARE NOT A BENEFICIAL HOLDER OF
28 SUPPORTSOFT, INC. COMMON STOCK BUT HELD SUPPORTSOFT, INC.

SCHUBERT & REED LLP
Three Embarcadero Center, Suite 1650
San Francisco, CA 94111
(415) 762-4220

1 COMMON STOCK FOR A BENEFICIAL HOLDER, PLEASE TRANSMIT
2 THIS DOCUMENT TO SUCH BENEFICIAL HOLDER.

3 This Notice is given pursuant to an Order of the Superior Court of the State of California For
4 The County of San Mateo to inform you of certain proceedings and the proposed settlement of this
5 shareholder's derivative action (the "Litigation"). There will be a hearing (the "Hearing") before the
6 Court on Monday, February 11, 2008 at 9:00 a.m. in Dept. 1 at 800 North Humboldt Street, San
7 Mateo, California 94401 to determine whether the proposed settlement of this Litigation should be
8 approved as fair, reasonable and adequate and in the best interests of SupportSoft, Inc., whether
9 judgment should be entered dismissing the Litigation with prejudice and without costs, whether an
10 award of attorney's fees and costs should be granted, and whether an incentive award should be
11 granted to plaintiff.

12
13 IT IS NOT NECESSARY FOR ANY SUPPORTSOFT, INC. SHAREHOLDER
14 TO APPEAR. BECAUSE THIS ACTION WAS BROUGHT ON BEHALF OF
15 SUPPORTSOFT, ONLY SUPPORTSOFT, INC. HAS ANY CLAIM TO
16 RECOVERY IN THIS ACTION. YOU ARE RECEIVING THIS NOTICE
17 SOLELY IN YOUR CAPACITY AS AN EQUITY OWNER OF
18 SUPPORTSOFT, INC. YOU HAVE NO RIGHT TO SEEK AN INDIVIDUAL
19 RECOVERY IN THIS ACTION. THERE IS NO BENEFIT THAT WILL
20 ACCRUE TO YOU DIRECTLY IN THIS ACTION AND THERE IS NO
21 CLAIMS PROCESS. YOU DO NOT NEED TO SUBMIT A CLAIM IN THIS
22 ACTION AND YOU WILL RECEIVE NO FUNDS AS A RESULT OF THIS
23 ACTION.

24 PLEASE DO NOT CONFUSE THIS ACTION WITH A RELATED CASE, A
25 FEDERAL SECURITIES FRAUD LITIGATION CAPTIONED IN RE
26 SUPPORTSOFT, INC. SECURITIES LITIGATION, CIVIL ACTION NO. C04-
27 5222-SI IN UNITED STATES DISTRICT COURT FOR THE NORTHERN
28 DISTRICT OF CALIFORNIA, SETTLEMENT OF WHICH WAS FINALLY
APPROVED ON SEPTEMBER 28, 2007. THAT CASE WAS BROUGHT FOR
THE DIRECT BENEFIT OF PURCHASERS OF SUPPORTSOFT, INC.
COMMON STOCK DURING THE PERIOD JANUARY 20, 2004 TO
OCTOBER 1, 2004 AND SETTLED FOR \$10.7 MILLION. THERE IS A
CLAIMS PROCESS IN THAT CASE AND YOU SHOULD PAY CAREFUL
ATTENTION TO ANY NOTICE YOU RECEIVE IN CONNECTION WITH
THAT CASE.

THE COURT HAS NOT PASSED ON THE MERITS OF ANY OF THE
CONTENTIONS OF THE PARTIES IN THIS ACTION AND THEREFORE NO
INFERENCES REGARDING THE MERITS OF THE ACTION OR LACK
THEREOF SHOULD BE DRAWN FROM THE SETTLEMENT OR THE
SENDING OF THIS NOTICE.

Case No. 451677

NOTICE OF PENDENCY OF SHAREHOLDER DERIVATIVE ACTION AND PROPOSED SETTLEMENT

Page 2

1 PENDENCY OF THE ACTION AND PROCEDURAL HISTORY

2 Plaintiff Charles White ("Plaintiff") commenced this action on December 19, 2005.
3 Plaintiff's allegations are contained in his Second Amended Complaint, filed October 27, 2006. In
4 summary, Plaintiff alleged that, during the period January 16, 2004 through October 4, 2004 (the
5 "Relevant Period"), defendants Radha R. Basu, Manuel Diaz, Kevin C. Eichler, Edward S. Russell,
6 and James Thanos ("Defendants") damaged SupportSoft by causing the Company to issue false and
7 misleading statements in documents filed with the Securities and Exchange Commission ("SEC"),
8 and in press releases and conference calls, in order to conceal problems that were arising in
9 SupportSoft's business. Defendants allegedly touted the Company's success at achieving its
10 earnings and revenue goals during 2003 and 2004, while failing to disclose that the Company's
11 success during those years was achieved only by converting long-term, "ratable" contracts pursuant
12 to which revenue would be collected in installments over an extended period, to short-term
13 "perpetual" contracts pursuant to which the full contract revenue could be recognized immediately.
14 Plaintiff alleged that the conversion of "ratable" to "perpetual" contracts was intended to prop up
15 earnings and revenues and to conceal actual problems that the Company was facing. Plaintiff
16 claimed that as a result of defendants' conduct, SupportSoft's share price was artificially inflated
17 during the Relevant Period. When the truth about the Company's financial condition and business
18 prospects was revealed on October 4, 2004, SupportSoft's stock price fell 35.4% on extraordinarily
19 heavy volume, and subsequently the Company was forced to defend itself against a consolidated
20 securities fraud class action case brought by purchasers of SupportSoft stock ("the Class Action"), a
21 \$10.7 million final settlement of which was finally approved September 28, 2007. Plaintiff claimed
22 the company was damaged by defendants' conduct and that certain Defendants sold \$3.5 million in
23 Company stock at times when they were in possession of adverse material, non-public information
24 regarding SupportSoft's financial condition.

25 On January 5, 2006, Plaintiff served requests for production of documents on SupportSoft
26 and the individual Defendants. On February 2, 2006, SupportSoft and Defendants demurred to the
27 Complaint and Defendants sought a stay of discovery. On March 29, 2006, Plaintiff filed a motion
28 to compel certain discovery and, on April 5, 2006, Plaintiff filed his opposition to the demurrers and

Case No. 451677

NOTICE OF PENDENCY OF SHAREHOLDER DERIVATIVE ACTION AND PROPOSED SETTLEMENT

1 motion for a stay. On May 1, 2006, the Court held a hearing on all of the parties' motions. The
2 Court sustained the demurrers with leave to amend and granted Defendants' motion for a stay of
3 discovery, while permitting Plaintiff to serve a request for books and records on SupportSoft. On
4 May 9, 2006, Plaintiff served his books and records request pursuant to California Corp. Code
5 §§ 1600 *et seq.* SupportSoft produced and Plaintiff's Counsel reviewed and analyzed approximately
6 eight hundred pages of documents produced in response to that request, including minutes of Board
7 and committee meetings and materials distributed at those meetings. On July 10, 2006, Plaintiff
8 filed his First Amended Complaint, which incorporated significant information obtained from the
9 books and records request. SupportSoft again demurred. On October 4, 2006, the Court overruled
10 the demurrer in part and sustained it in part with leave to amend. At the same time, the Court lifted
11 the stay on discovery. Defendants subsequently produced in excess of 600,000 pages of documents
12 in response to Plaintiff's January 5, 2006 requests. Plaintiff's Counsel reviewed and analyzed the
13 documents produced. In addition, Plaintiff's Counsel hired an investigative firm, which interviewed
14 over a dozen former employees of the Company. Plaintiff filed a Second Amended Complaint on
15 October 27, 2006, and Defendants answered that complaint on November 6, 2006.

16 Thereafter the parties entered into protracted settlement negotiations with the assistance of
17 Layn R. Phillips, United States District Court Judge (retired) as mediator. These negotiations
18 resulted in the execution on September 11, 2007 of a Settlement Agreement among the parties,
19 which was filed with this Court on October 24, 2007 (the "Stipulation").

20 At all times, Defendants denied liability and have admitted no wrongdoing.

21 THE PROPOSED SETTLEMENT

22 The Stipulation requires the Company, following Court approval, to adopt targeted changes
23 to the Company's corporate governance designed to address the two main allegations of the
24 complaint, that Defendants (1) caused SupportSoft to issue a series of false and misleading
25 statements which concealed the conversion of long-term "ratable" contracts to short term
26 "perpetual" contracts and artificially inflated SupportSoft's stock price during the Relevant Period,
27 and (2) sold \$3.5 million in Company stock at times when they were in possession of adverse
28 material, non-public information regarding SupportSoft's financial condition.

1 The complete slate of governance changes comprising the proposed settlement consideration,
2 attached as Exhibit A to the Stipulation, include, among others, (i) the addition of four new
3 directors and a new management team; (ii) separation of the roles of Chairman and CEO;
4 (iii) adoption of a requirement that 75% of the board of directors shall be independent; (iv) a
5 quarterly review by the Audit Committee of the board of directors of the Company's financial
6 statements, including specifically a review of conversions of customer agreements from ratable term
7 contracts to perpetual contracts; (v) adoption of a Disclosure Committee charter and a requirement
8 that sales personnel, as well as legal and financial personnel, quarterly certify to the Disclosure
9 Committee the information they have relevant to the Company's business and financial statements,
10 and, separately to acknowledge additionally once that they are familiar with the Company's Code of
11 Ethics; and (vi) a new insider trading policy requiring pre-clearance of all trades by Section 16
12 officers, which includes a provision pursuant to which the General Counsel may refer violators to
13 the Board for legal action seeking disgorgement.

14 A detailed discussion of the twenty-four agreed upon corporate governance changes is
15 contained in Plaintiff's brief in support of approval of the settlement, filed with the Court November
16 13, 2007. That brief, as well as Plaintiff's Second Amended Complaint, the Stipulation, including
17 the proposed governance changes and the proposed, are posted online for review at www.schubert-reed.com/SupportSoft.htm.

19 In connection with the settlement, Plaintiff's Counsel seek an award of attorneys' fees and
20 reimbursement of expenses totaling \$745,000 and a \$15,000 incentive award for Plaintiff White.
21 The requested fee and expense award and the incentive award were agreed to by SupportSoft in
22 arms' length negotiations between competent and experienced counsel conducted after the terms of
23 the settlement had been agreed upon. The requested fee, after subtracting expenses, represents only
24 82.5% of Plaintiff's Counsel's "lodestar" (the total of Plaintiff's Counsel's hours reasonably spent
25 on the case at their customary, court-approved rates).

26 **THE EFFECT OF THE SETTLEMENT ON YOUR RIGHTS**

27 Upon Court approval of the proposed settlement and entry of Judgment thereon, Plaintiff,
28 SupportSoft, Inc. and the Defendants shall be released from all claims known and unknown that

