

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN MATEO

LIN, et al.

Plaintiffs,

vs.

SIEBEL SYSTEMS, INC., et al.

Defendant.

CLASS ACTION

Case No. CIV435601

**NOTICE OF SETTLEMENT OF CLASS
ACTION**

To: All current and former Software Engineers and Senior Software Engineers employed by Siebel Systems, Inc. in California at any time from January 16, 2000 through October 7, 2005 who have not excluded themselves from (opted out of) this class action (“Class Members”).

PLEASE READ THIS NOTICE CAREFULLY

IT MAY AFFECT YOUR LEGAL RIGHTS

YOU MAY BE ENTITLED TO MONEY FROM THIS SETTLEMENT

YOUR ESTIMATED SHARE OF THE SETTLEMENT IS SET FORTH IN THE CLAIM FORM ENCLOSED WITH THIS NOTICE. IN ORDER TO RECEIVE YOUR SHARE OF THE SETTLEMENT, YOU MUST RETURN THE CLAIM FORM BY NO LATER THAN MARCH 6, 2007.

I. INTRODUCTION

YOU ARE HEREBY NOTIFIED that a proposed settlement (“the Settlement”) of the above-captioned class action (formerly known as Zheng v. Siebel Systems, Inc.) (“the Action”) filed in the San Mateo County Superior Court has been reached by the parties and has been granted preliminary approval by the Court supervising the Action. A settlement hearing will be held at 9 a.m. on April 27, 2007, to determine whether the Settlement should be granted final approval.

Siebel’s records show that you were employed by Siebel in California at some time during the period January 16, 2000 through October 7, 2005 (“Class Period”) with a job title of Software Engineer or Senior Software Engineer (“Class Job”), that you did not opt out within the time period set forth in the Notice of Pending Class Action mailed to the Class on December 14, 2005, and therefore are a Class Member in this Action. The San Mateo County Superior Court has ordered that this Notice be sent to you because as a Class Member you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

The purpose of this Notice is 1) to describe the Action, 2) to inform you of the terms of the Settlement, and 3) to inform you of your rights and options in connection with the Settlement.

II. SUMMARY OF THE ACTION

Plaintiffs claim that Siebel violated the California Labor Code, relevant Wage Orders of the California Industrial Welfare Commission, and the California Unfair Competition Law (Bus. & Prof. Code § 17200 *et seq.*) by (1) misclassifying Class Members as “exempt” employees and failing to pay them overtime wages (Lab. Code § 510); (2) failing to pay Class Members overtime wages owed to them at the time their employment with Siebel terminated (Lab. Code § 203); (3) prohibiting Class Members from discussing their compensation with other employees (Lab. Code § 232); (4) failing to furnish Class Members with timely and accurate wage statements showing the number of hours worked per pay period (Lab. Code § 226); and (5) violating the California Unfair Competition Law by including a waiver of wage claims in its standard release and severance agreements presented to laid-off employees. The lawsuit seeks damages for unpaid overtime, interest, penalties under California law, attorneys’ fees and expenses, and injunctive relief.

Siebel denies any liability or wrongdoing of any kind in connection with the claims alleged, and contends that it has fully complied with the California Labor Code, California Business and Professions Code, and the applicable Industrial Welfare Commission Wage Orders.

On October 12, 2005, the Court certified a Class of all current and former employees of Siebel who worked in California as Software Engineers or Senior Software Engineers, at any time from January 16, 2000 through October 7, 2005. Those individuals who did not opt out of the Class pursuant to the Notice of Pending Class Action mailed December 14, 2005 are the “Class Members”. On October 3, 2006, the Court allowed Plaintiff Zhiyu Zheng to withdraw as class representative and appointed Michael Lin, Trang Nguyen, Arun Singla, and Michael Voronkov as representatives of the certified class. On [date of preliminary approval], the Court amended the class certification order to include Plaintiffs’ claim that Siebel failed to furnish Class Members with timely and accurate wage statements showing the number of hours worked per pay period.

The Court has approved the law firms of Dickson-Ross LLP and Goldstein, Demchak, et al. (“Class Counsel”) to represent the Class in this Action. Class Counsel and Siebel entered into a proposed Stipulation and Settlement Agreement of Class Action Claims (“Settlement Agreement” or “Settlement”) on November 1, 2006. The Court granted preliminary approval of the Settlement on November 6, 2006. The Court also scheduled a Final Approval Hearing on the Settlement at 9 a.m. on April 27, 2007, at which time the Court will decide whether to grant final approval of the Settlement.

III. SUMMARY OF SETTLEMENT TERMS

Settlement Amount. Siebel has agreed to pay up to a maximum of \$27.5 million (the “Maximum Settlement Amount”) to fully resolve the claims in the Action. Siebel will also pay the employer’s share of payroll taxes arising from actual settlement payments to Class Members.

Deductions. The Court has tentatively approved certain deductions from the Maximum Settlement Amount:

Settlement Administration. Payment to the Settlement Administrator, not to exceed \$100,000, for the expense of notifying the Class Members of the Settlement and processing claims submitted by Class Members;

Attorneys’ Fees and Expenses. Payment to Court-approved Class Counsel of \$5.5 million (\$5,500,000) as reasonable compensation for the work they performed in this Action, will continue to perform through settlement finalization, and for the costs they incurred in connection with the Action. Since October 2004, Class Counsel have been prosecuting the Action on behalf of the Class on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses. Class Members are not personally responsible for any of Class Counsel’s attorney’s fees or expenses.

Service Awards to Named Plaintiffs and Deponents. Service Awards to compensate the class representatives and deponents for the particular services they provided on behalf of the Class. These Awards will be in the amount of \$1,000 for each of the 16 Class Members who were deposed as part of the class’ prosecution of this case, and \$10,000 for each of the 4 current class representatives, for a grand total of \$56,000 for all Service Awards. These payments are in addition to whatever payments the class representatives and deponents are otherwise entitled to as Class Members.

Calculation of Individual Class Member Awards. After deducting the Court-approved amounts above, the balance of the Maximum Settlement Amount will be distributed to each Class Member based on the number of weeks (excluding leaves of absence) that the Class Member worked in a Class Job during the period from January 16, 2000 through February 28, 2006 (the “Settlement Class Period”). Each Class Member’s individual settlement award will be calculated by 1) dividing the approximately \$21,844,000.00 (the Maximum Settlement Fund minus the Court-approved deductions) by the total weeks worked by Class Members during the Settlement Class Period, to arrive at a weekly amount, and 2) multiplying that weekly amount by the number of weeks worked by the individual Class Member in a Class Job during the Settlement Class Period.

Payments to Class Members. Only Class Members who file a completed Claim Form **postmarked by March 6, 2007** will receive their allocated share of the settlement. Class Members will have the opportunity to challenge the data on their Claim Forms used to calculate their Settlement Awards, if they believe the data is incorrect. If the conditions of the Settlement (as described below) are met, and after the Court finally approves the Settlement Agreement, settlement checks will be mailed to Class Members who

submitted timely and valid Claim Forms. **Any Class Members who do not file Claim Forms or who submit Claim Forms after the filing deadline will not receive their allocated shares of the settlement, and Siebel will keep the amount of those shares. However, those Class Members will still be bound by the Settlement Agreement.**

Tax Matters. For tax purposes, fifty percent (50%) of the amounts distributed to each Class Member who timely files a Claim Form shall be treated as damages for lost wages and reported as such (W-2 reporting), fifteen percent (15%) shall be treated as interest, and the remaining thirty-five percent (35%) shall be treated as penalties under the California Labor Code. The usual and customary deductions will be taken out of the amounts attributable to unpaid wages. Interest and penalties shall be reported as such (Form 1099 reporting) to the taxing authorities. Class Members should consult with their tax advisors concerning the tax consequences of the payments they receive under the Settlement. IRS Forms W-2 and 1099 (and the equivalent California forms) will be distributed to Class Members reflecting the payments they receive under the Settlement. Siebel will pay the employer portion of FICA, FUTA and California withholdings on the portion of the amounts designated as wages.

Release. If approved by the Court, the Settlement Agreement will be binding on all members of the Class (whether or not they timely submit a Claim Form) and will bar any Class Member from bringing certain claims against Siebel described below. After Court approval, the Settlement will fully release and discharge Siebel, its past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and its and their respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys from any and all claims, demands, rights, liabilities, and causes of action, whether for economic damages, noneconomic damages, injunctive relief, restitution, penalties, or other monies, that were or could have been asserted (whether in tort, contract, or otherwise) for violation of any state or federal wage and hour law, arising out of, relating to, or in connection with:

- (a) Any and all claims that during the Settlement Class Period, Siebel improperly classified Class Members as exempt and failed to provide Class Members all overtime wages due, and related claims and contentions, that Siebel failed to provide timely or accurate final paychecks, failed to properly keep records concerning time worked, and/or engaged in unfair business practices relating to the foregoing (whether such claims are based on California or federal wage and hour law, contract law, or other law); and
- (b) Any and all causes of action asserted in the Complaint or any prior complaint filed in this case, including but not limited to any and all claims for alleged failure to pay overtime wages, or alleged policies or practices related thereto, penalties, and interest on all such wages, damages, or penalties arising therefrom, at any time on or before the end of the Settlement Class Period.

Released Claims do not include any claims of retaliation by Siebel arising out of participation in this litigation, any claims to vested benefits pursuant to the terms

of any Siebel employee benefit plan, and any claims under the workers compensation and insurance laws.

Conditions of Settlement. This Settlement is conditioned upon the Court entering an order at or following the Settlement Hearing finally approving the Settlement as fair, reasonable, adequate and in the best interests of the Settlement Class. The Class, through Class Counsel, will have the option to reject the Settlement in its entirety if fewer than 60% of Class Members file timely Claim Forms.

IV. RIGHT TO CLAIM MONEY FROM THE SETTLEMENT

Class Members who want to receive money under the Settlement must completely fill out, sign and date the enclosed Claim Form, and mail the completed Claim Form **postmarked by no later than March 6, 2007** to the Settlement Administrator at the following address:

**Lin, et al. v. Siebel Systems, Inc.
Settlement Administrator
Rosenthal & Company, LLC
P.O. Box 6177
Novato, CA 94948-6177
1-800-207-0343**

Claim Forms postmarked after March 6, 2007 will be denied. If you wish to have confirmation that the Settlement Administrator has received your Claim Form, please send your Claim Form to the Settlement Administrator by certified U.S. Mail with a return-receipt request.

The Claim Form lists the dates that you worked in a Class Job during the Settlement Class Period, excluding leaves of absence. If you believe the dates listed on the Claim Form are incorrect, you may send a letter indicating the correct dates to the Claims Administrator along with the Claim Form. You may also send the Claims Administrator any documents or other information that supports your change to the information on the Claim Form. The Claims Administrator will use Siebel's records and any information you provide to resolve any dispute about your employment dates.

If you are on an H-1B visa: Your H-1B visa status has no impact on your ability to file a Claim Form or receive your Settlement share in this Action. If you have questions about this, please contact Class Counsel at (888) 316-8870.

Class Members who do not submit a Claim Form or who file Claim Forms after the March 6, 2007 deadline **will not receive any money** from the Settlement. Class Members who do not submit timely Claim Forms, however, **will still be bound by the terms of the settlement, including the release of claims.**

V. RIGHT TO OBJECT

If you are a Class Member and believe that the Settlement should not be finally approved by the Court for any reason, including that you object to the appointment of Plaintiffs Lin, Nguyen, Singla and Voronkov as substitute Class Representatives for former Plaintiff Zheng, you may object to the proposed Settlement Agreement. Objections must be in writing and must state the basis of any objection. Objections must be filed with the Court, on or before January 22, 2007. At the same time, copies of objections must be mailed or delivered to Class Counsel and Siebel's counsel at the following addresses:

Class Counsel:

Kathryn Burkett Dickson
Jeffrey A. Ross
DICKSON-ROSS LLP
1970 Broadway, Suite 1045
Oakland, CA 94612

David Borgen
Linda M. Dardarian
Laura Ho
GOLDSTEIN DEMCHAK BALLER BORGAN &
DARDARIAN
300 Lakeside Drive, Suite 1000
Oakland, CA 94612
(888) 316-8870

Siebel's Counsel:

Lynne C. Hermle
Michael A. Aparicio
ORRICK, HERRINGTON & SUTCLIFFE LLP
1000 Marsh Road
Menlo Park, CA 94025-1015

If you wish to object to the settlement and have the objection considered by the Court, you may also appear at the Final Approval Hearing scheduled for April 27, 2007 at 9 a.m., in Department 2 of the Superior Court of the State of California in the County of San Mateo, located at 400 County Center, Redwood City, California, 94063. You have the right to appear either in person or through your own attorney at this hearing. Objections not previously filed in writing in a timely manner as described above will not be considered by the Court. Any attorney who intends to represent an individual objecting to the Settlement must file a notice of appearance with the Court and serve counsel for all parties on or before January 22, 2007. All objections or other correspondence must state the name and number of the case, which is Lin, et al. v. Siebel Systems, Inc., et al., Case No. CIV43560. If you object to the Settlement, you will remain a member of the Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Class Members who do not object.

Any member of the Class who does not object in the manner provided above shall have waived any objection to the Settlement, whether by appeal or otherwise.

VI. NO RETALIATION OR UNDUE INFLUENCE

California law prohibits Siebel from retaliating against employees who exercise their rights under the California wage and hour laws. Additionally, Siebel has agreed that it will not take any adverse employment action, or otherwise target, retaliate or discriminate against any Class Member who indicates an intention to participate or not to participate in this Settlement. In the event you nevertheless feel intimidated or worried about filing a Claim Form, you should immediately contact Class Counsel at (888) 316-8870.

VII. HEARING ON THE SETTLEMENT

The Final Approval Hearing on the adequacy, reasonableness and fairness of the Settlement Agreement will be held at 9 a.m. on April 27, 2007 in Department 2 of the San Mateo County Superior Court located at 400 County Center, Redwood City, California, 94063. The Hearing may be continued without further notice. **You are not required to attend the Final Approval Hearing, although any Class Member is welcome to attend the hearing.**

VIII. ADDITIONAL INFORMATION

This Notice is only a summary of the Action and the Settlement. For a more detailed statement of the matters involved in the Action and the Settlement, you may refer to the pleadings, the Settlement Agreement, and other papers filed in the Action, which may be inspected at the Office of the Clerk of the Superior Court of California, County of San Mateo, located at 400 County Center, Redwood City, California, 94063, during regular business hours of each court day. You may also contact Class Counsel listed in Section V, above, for more information. To download copies of the Settlement Agreement, this Notice, and a sample Claim Form, go to www.gdblegal.com.

PLEASE DO NOT CONTACT THE CLERK OF THE COURT, THE JUDGE, SIEBEL or SIEBEL'S ATTORNEYS WITH QUESTIONS.

IX. REMINDER AS TO PARTICIPATION REQUIREMENTS

If you wish to receive any portion of the Settlement funds, you must complete and return the enclosed Claim Form to the Settlement Administrator, **postmarked not later than March 6, 2007.**

DATED: _____, 2006

BY ORDER OF THE COURT
HON. MARIE S. WEINER
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN MATEO