UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re SUPPORTSOFT, INC. SECURITIES LITIGATION	)	Case No.: C 04-5222 SI
This document relates to:	)	
ALL ACTIONS	)	

NOTICE OF PENDENCY OF CLASS ACTION

TO: ALL PERSONS AND ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED THE SECURITIES OF SUPPORTSOFT, INC. FROM JANUARY 20, 2004 TO OCTOBER 1, 2004 AND WHO WERE DAMAGED THEREBY

This Notice is provided pursuant to Fed. R. Civ. P. 23(c)(2) and a Stipulation and Order entered June 1, 2006 in the United States District Court for the Northern District of California, San Francisco Division (the "Court") to inform you of a class action lawsuit (the "Action") pending in the Court.

Upon stipulation of the parties, the Court has ordered that the Action should proceed as a class action on behalf of all persons and entities who purchased or otherwise acquired the securities of SupportSoft, Inc. ("SupportSoft") from January 20, 2004 to October 1, 2004 (the "Class Period") and who were damaged thereby (the "Class"). Excluded from the Class are the defendants, the officers and directors of SupportSoft at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which any excluded person or entity has a controlling interest.

The purpose of this Notice is to inform you of the pendency and nature of the Action, how it may affect your rights, and what steps you may take in connection with it, including the steps you can take in the event you wish to exclude yourself from being a member of the Class. This Notice is being sent to persons who owned SupportSoft shares during the Class Period, however, only persons or entities that purchased SupportSoft shares during the Class Period are eligible to be members of the Class. If you are a member of the Class you should retain brokerage statements and similar evidence that you purchased during the Class Period.

THIS IS NOT A SETTLEMENT NOTICE. THERE IS NO CLAIM FORM TO BE FILLED OUT OR MAILED. IF YOU WISH TO REMAIN A MEMBER OF THE CLASS YOU NEED NOT TAKE ANY ACTION AT THIS TIME.

I. PROCEDURAL BACKGROUND

Between December 9, 2004 and January 21, 2005 five actions were commenced against defendants SupportSoft, Radha R. Basu and Brian M. Beattie on behalf of purchasers of the common stock of SupportSoft during the Class Period. The actions were consolidated by order dated March 16, 2005. By order dated March 21, 2005 the Court appointed the Roland Group, consisting of Scott Roland and Jay Young, as lead plaintiffs pursuant to the Private Securities Litigation Reform Act of 1995, to prosecute the Action on behalf of the Class. A consolidated complaint was filed on April 20, 2005 and a Corrected Amended Consolidated Class Action Complaint (the "Amended Complaint") was filed on August 23, 2005. By order dated November 19, 2005, the Court denied defendants' motion to dismiss the Amended Complaint.

II. NATURE OF THE ACTION

A. The Wrongful Conduct Alleged

The Amended Complaint alleges that, beginning prior to and during the Class Period, SupportSoft's sales had begun to slow due, in part, to some customers' dissatisfaction with the software and to a general slowdown in purchasing the type of software that SupportSoft produced.

The Amended Complaint further alleges that, in order to conceal the slowdown in sales and revenues and project an image of continued growth and consecutive quarters of record revenues, the defendants engaged in an undisclosed change in SupportSoft's business model. Historically, SupportSoft licensed its software for a period – typically three years – during which time a customer paid licensing fees on a monthly or quarterly basis. SupportSoft referred to these agreements as "ratable" contracts. Revenue from ratable contracts was recognized as the payments were received over the term of the contract. SupportSoft stated that these ratable contracts represented approximately 45% to 55% of the Company's revenue. The Amended Complaint alleges that, to bolster its quarterly earnings during the period of declining sales, however, the defendants shifted away from "ratable" contracts to "perpetual"

licenses, pursuant to which the customer was granted a license to use the software in perpetuity for a one-time fee, the revenue from which would be recognized immediately during the quarter in which the licensing agreement was entered into and the one-time payment received. The Amended Complaint further alleges that, not only did SupportSoft push new customers to enter into only perpetual licensing agreements, it also contacted customers with existing ratable contracts and offered them discounts and other incentives if they would agree to convert the licensing agreement in mid-term from ratable to perpetual, again, allowing all of the revenues from the contract to be recognized immediately.

The Amended Complaint alleges that defendants used these undisclosed changes in SupportSoft's business practices during the first and second quarters of 2004 to make revenues appear higher than they otherwise would have been, to enable SupportSoft to claim to have met or surpassed revenue forecasts for the quarters, and to allow defendants to announce that SupportSoft had achieved another consecutive quarter of record revenues. The Amended Complaint alleges that, during the third quarter of 2004, with the slowdown in sales continuing and having already converted all of the ratable contracts in its portfolio that could be converted to perpetual contracts, SupportSoft was unable to maintain the illusion of increasing revenues and consecutive quarters of record revenues.

Upon disclosure on October 4, 2004 that SupportSoft would not meet its forecast for third quarter revenues of $16.7 million to $17.5 million and that revenues for the third quarter of 2004 would be in the range of $11.9 million to $12.3 million, as compared to $13.5 million for the same period in the prior year, the price of SupportSoft shares fell 35.4% on extremely heavy trading.

The defendants have denied that any wrongdoing occurred.

B. Relief Sought In The Action

The Amended Complaint alleges that, as a result of the false statements and non-disclosures during the Class Period, the price at which members of the Class purchased SupportSoft shares during the Class Period was inflated, and that class members were injured when disclosure of the true state of affairs caused the stock price to drop. The action seeks recovery of money damages on behalf of the Class representing the amount of money that they lost as a result of the defendants' false and misleading statements during the Class Period.

C. Status of the Action

Discovery has commenced and is presently scheduled to continue through mid-December 2006. Following the exchange of expert reports and related discovery and the making of pretrial motions, trial is presently scheduled to begin in October 2007.

III. EFFECT OF CLASS DETERMINATION

The Court has certified the Action to proceed on behalf of the Class and has certified plaintiff Scott Roland to prosecute the Action as representative of the Class. This Notice is sent to inform you of the pendency of the Action and of your rights. THIS NOTICE SHOULD NOT BE CONSTRUED AS AN OPINION BY THE COURT AS TO THE MERITS OF THE ACTION.

IF YOU WISH TO REMAIN A MEMBER OF THE CLASS YOU NEED NOT RESPOND TO THIS NOTICE OR TAKE ANY ACTION AT THIS TIME.

If the Action is successful, only Class members will be eligible to share in the proceeds of any judgment or settlement. Any judgment entered in the Action, whether favorable or unfavorable, will bind all members of the Class. An unfavorable judgment, however, will not obligate you, as a Class member, to pay any fees or expenses in connection with the Action. As a Class member, you will not be asked to pay any fees or expenses. If the Action is successful, counsel for the Class will ask the Court to award attorneys' fees to Class Counsel and reimburse the costs of the Action out of any recovery received from the defendants before the balance is distributed to the Class.

If you are bringing, or have brought, your own action against any of the defendants in connection with the claims described above and would prefer to continue to prosecute your own action, or if, for any other reason, you wish to be excluded from the Class, the Court will exclude you. Persons who request exclusion will not share in any recovery obtained on behalf of the Class and will not be bound by any judgment entered in the Action. All requests for exclusion must be in writing, post marked no later than September 8**,** 2006 and mailed by first class mail with proper postage, to:

SupportSoft, Inc. Securities Litigation
c/o Strategic Claims Services
2710 Concord Road
Suite 5
Aston, PA 19014

Your exclusion request should specifically state that you request to be excluded from the Action and should state your name (and the name of any joint owner of your shares), your address, your telephone number and the number of SupportSoft shares that you purchased between January 20, 2004 and October 1, 2004. The request for exclusion must be signed by the owner of the shares and, if

the shares are owned jointly, by the joint owner. Any request for exclusion made on behalf of a Class member by someone acting in a representative capacity must state the capacity in which the representative is acting (for example, executor, trustee, etc.) and must enclose a copy (do not send originals) of the document authorizing the person acting in a representative capacity to act on behalf of the owner of the shares.

If you do not request exclusion, Class Counsel will represent your interests. The Court has appointed as Co-Lead Counsel the firms of:

Labaton Sucharow & Rudoff LLP
100 Park Avenue
New York, NY 10017

Schatz & Nobel, P.C.
One Corporate Center
20 Church Street, Suite 1700
Hartford, CT 06103

Liaison counsel for plaintiffs is Glancy Binkow & Goldberg LLP, 1801 Avenue of the Stars, Los Angeles, CA 90067. If you do not request exclusion, you may, if you wish, and at your own expense, retain counsel of your choosing to enter an appearance, but you are not required to do so and may, instead, continue to be represented by Class Counsel.

IV. FURTHER INFORMATION

This Notice is only a summary and does not fully describe all of the claims and contentions of the parties. If you are a Class member and wish to view a copy of the Amended Complaint, you may do one of the following:

1. go to the website of Labaton Sucharow & Rudoff LLP: www.labaton.com, click on Cases and follow the directions to access the Amended Complaint; or
2. write to either of the Co-Lead Counsel identified below, and request that you be mailed a copy of the Amended Complaint.

Any inquiries about this Class Action should be made in writing addressed to either:

SupportSoft, Inc. Securities Litigation
Labaton Sucharow & Rudoff LLP
100 Park Avenue – 12th Floor
New York, NY 10017

SupportSoft, Inc. Securities Litigation
Schatz & Nobel, P.C.
One Corporate Center
20 Church Street, Suite 1700
Hartford, CT 06103

If your address changes during the course of this litigation please notify the claims administrator of the change in writing addressed to:

SupportSoft, Inc. Securities Litigation
c/o Strategic Claims Services
2710 Concord Road
Suite 5
Aston, PA 19014

PLEASE DO NOT CALL OR WRITE TO THE COURT OR TO THE CLERK OF THE COURT FOR INFORMATION OR ADVICE.

Dated: June 26, 2006

By Order of the Honorable Susan Illston
United States District Judge
Northern District of California