

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Settlement Agreement"), effective December 31, 2004, is entered into between and among Plaintiffs Ann Harbin, individually and d/b/a Harbin Research Services ("Harbin"), Emerson Enterprises ("Emerson"), Boston Reed Company ("Boston Reed"), Cred-X, Inc. d/b/a The Credit Corporation of America ("Cred-X"), Statewide Heating and Air Conditioning ("Statewide") and McFerrin Insurance Agency, Inc. ("McFerrin") (collectively, "Named Plaintiffs") individually and on behalf of the putative class described below, by themselves and through their attorneys ("Settlement Class Counsel"), and Defendants Pitney Bowes Inc. and Pitney Bowes Credit Corporation (collectively "Pitney Bowes" or "Defendants").

I. RECITALS

WHEREAS, this Settlement Agreement will result in the resolution of the following lawsuits (collectively, the "Actions"):

- Harbin and Emerson v. Pitney Bowes, et al., No. 2002-769 (Circuit Court of Montgomery County, AL) (the "Alabama Action")
- Boston Reed v. Pitney Bowes, et al., No. 26-16222 (Superior Court of Napa County, CA) (the "California Action")
- McFerrin v. Pitney Bowes, et al., No. 26-167228 (District Court of Jefferson County, TX) (the "Texas Action")
- Cred-X, Inc., et al. v. Pitney Bowes, et al., No. 03-C-2877 (Circuit Court of Kanawha County, WV) (the "West Virginia Action").

WHEREAS, the Actions allege various legal, equitable and statutory claims arising out of the PBCC program called "ValueMAX", including but not limited to common law claims of

breach of contract, breach of the duty of good faith and fair dealing, negligence, misrepresentation, fraud, unjust enrichment, constructive trust, unconscionability, conspiracy, joint venture, consumer protection statutes, deceptive trade practice statutes and selling insurance without a license.

WHEREAS, Defendants deny the allegations raised in the Lawsuits, deny any wrongdoing and any liability to plaintiffs or any persons similarly situated in connection with any of the claims asserted in any of the Actions, and believe they would prevail in any trial.

WHEREAS, Defendants deny that ValueMax constitutes insurance under the law of any state and (1) in 1993 and 2004, the Connecticut Department of Insurance determined that ValueMax was not insurance; (2) in 1995, the New York Insurance Department determined that ValueMax was not insurance; and (3) in 2003, the Louisiana Department of Insurance determined that ValueMax was not insurance; and (4) in 2004, the trial court in the California Action determined that ValueMax was not insurance.

WHEREAS, Defendants prevailed in three similar lawsuits brought, purportedly on behalf of classes of similarly situated individuals, relating to the ValueMAX program. In *Kass & Moses v. Pitney Bowes Credit Corp.*, the Illinois state court granted a motion to dismiss and for summary judgment in favor of PBCC. In *Chris Albritton Constr. Co. v. Pitney Bowes, Inc.*, the federal district court in Mississippi granted summary judgment in favor of Pitney Bowes and the United States Court of Appeals for the Fifth Circuit affirmed the dismissal. Defendants have also initially prevailed in the California Action. In that case, the trial court determined that ValueMax is not insurance and it dismissed all the claims at summary judgment. The plaintiff has appealed that decision, and the appeal is pending at this time.

WHEREAS, in the Alabama Action, the court denied Defendants' motion for summary judgment. No dispositive motions have been filed or ruled upon in either the Texas Action or the West Virginia Action.

WHEREAS, extensive discovery has taken place in the Actions, including the productions of tens of thousands of pages of documents, over 30 depositions, and hundreds of interrogatory answers and responses to requests for admissions.

WHEREAS, no court has ruled on whether either a state or national class is certifiable.

WHEREAS, Settlement Class Counsel and Pitney Bowes have engaged in extensive arm's-length negotiations with respect to the settlement, including extensive involvement of a neutral mediator. As a result of those discussions and negotiations, the parties have reached an agreement to resolve the Actions in a manner they believe is fair and reasonable for the reasons and on the terms and conditions as set forth herein.

WHEREAS, the Named Plaintiffs and Settlement Class Counsel recognize the uncertainty and the risk of the outcome of any litigation, especially complex litigation such as this, and the difficulties and risks inherent in the trial of such an action. Further, Settlement Class Counsel believes that the terms herein will provide substantial benefits to the members of the Settlement Class, and Settlement Class Counsel deem the settlement to be fair, reasonable and in the best interests of members of the settlement class.

WHEREAS, Pitney Bowes, while continuing to deny all allegations of wrongdoing or liability whatsoever, but bearing in mind the expense of litigation, desires to settle and terminate all claims against it, without in any way acknowledging fault or liability. Pitney Bowes further desires to settle and terminate the Settlement Class's claims against Pitney Bowes so as to avoid further lengthy and time-consuming litigation and the burden, inconvenience, risk and expense

connected therewith, and to put to rest forever all claims released by the Named Plaintiffs and members of the Settlement Class, pursuant to this Settlement Agreement.

NOW THEREFORE, the parties agree as follows:

II. SETTLEMENT TERMS

1. **Jurisdiction.** This Settlement Agreement shall be submitted for approval as part of the Alabama Action. Upon execution of this Settlement Agreement, Settlement Class Counsel agrees to take all reasonable steps to stay the California, Texas and the West Virginia Actions so that no further activity is required by either party pending final approval of this settlement. In the event a matter cannot be stayed, Settlement Class Counsel agrees to dismiss the California, Texas and/or West Virginia Action without prejudice pending final approval of this settlement, subject to an appropriate tolling agreement regarding the statute of limitations.

2. **Class Certification.** For purposes of this settlement only, the parties hereby agree that this lawsuit may proceed as a class action and hereby stipulate to the conditional certification of a class (the "Settlement Class") under Rule 23(b)(3) of the Alabama Rules of Civil Procedure. The class shall consist of:

all persons and entities who paid a ValueMax fee to Pitney Bowes Credit Corporation between January 1, 1999 and December 31, 2004 (the "Class Period"); but excluding (1) customers who are presently in bankruptcy; (2) customers whose obligations to Pitney Bowes have been modified or discharged in bankruptcy; (3) customers for whom Pitney Bowes has repaired or replaced its equipment through ValueMax; and (4) any person who, in accordance with the terms of the notice that pertains to this Settlement Agreement, properly executes and submits a timely request for exclusion from the class.

3. **Vacating Settlement Certification.** The certification of the Settlement Class shall be binding only with respect to the settlement of the lawsuit. In the event that the Settlement Agreement is terminated pursuant to its terms or is not approved in all material

respects by the Circuit Court of Montgomery County, Alabama (the "Court"), or is reversed, vacated, or modified in any material respect by the Court or any other court, the certification of the Settlement Class shall be deemed vacated, the Actions shall proceed as though the Settlement Class had never been certified, and no reference to the prior Settlement Class, or any documents related thereto, shall be made for any purpose in any of the Actions.

4. **Settlement Payment.** Defendants agree to pay \$31.56 million in product certificates to the Settlement Class, less any amount awarded for attorneys' fees and incentive payments, pursuant to Paragraphs 8 and 10 below ("Settlement Payment"). Each member of the Settlement Class shall be entitled to a product certificate for use in making purchases from the Pitney Bowes Supply Line (also called "Pitney Bowes Online Store"), which contains an array of products from numerous brands for a variety of business needs. Examples of available products include supplies needed for Pitney Bowes mailing equipment as well as ink and toner cartridges for several brands of copiers, printers and fax machines, as well as folders, binders, dividers, business cards, labels, specialty cleaners, document shredders and work tables. Pitney Bowes agrees that it will continue to offer substantially the same types of products in its Supply Line during the redemption period for product certificates issued pursuant to this agreement, but this Settlement Agreement shall not impose upon Pitney Bowes an obligation to depart from its ordinary and reasonable business practices with respect to the content of its Supply Line. The product certificates may be applied not only to the costs of goods purchased, but also for shipping, handling and other related charges. The product certificates are considered to be cash equivalent as applied to costs of goods purchased, shipping, handling and other related charges. This Settlement Payment constitutes the entire amount that Defendants shall be required to pay to the members of the Settlement Class arising out of this lawsuit.

5. **Issuance of Product Certificates.** Product certificates will be issued pursuant to this Settlement Agreement to all members of the Settlement Class (a) at their last known address; or (b) who submit a claim as set forth in Paragraph 19 of this Settlement Agreement. Pitney Bowes agrees to mail product certificates to Settlement Class members at their last known address without requiring such Settlement Class members to submit a claim. All other Settlement Class members are required to submit a claim in accordance with Paragraph 19 of this Agreement no later than the date of the final hearing regarding the approval of this settlement under the Alabama Rules of Civil Procedure. Before mailing product certificates, Pitney Bowes will use the National Change of Address database in order to update its mailing list to include forwarding information.

The value of each product certificate will be the result of dividing the Settlement Payment by the number of lease schedules under which customers made any payments for ValueMax. The parties estimate that holders of approximately 600,000 leases belong to the Settlement Class, meaning that the value of the product certificates after reduction for attorneys' fees and incentive payments will approximate \$38.00 per lease. Defendants, in their sole discretion, may elect to round up the certificate amount to a different number; provided that such rounding will not reduce the value of the aggregate certificates received by a class member. To the extent that class members have entered into more than one lease that is eligible for a portion of the Settlement Payment, Pitney Bowes may aggregate the amount due under each lease into a single product certificate to these class members.

The product certificates are considered to be cash equivalent as applied to costs of goods purchased, shipping, handling and other related charges but will not otherwise have any cash value. The product certificates may be used only once. In the event that a holder of the product

certificate does not use the entire value of the product certificate as part of a single purchase order, Pitney Bowes is not required to issue any credit, rebate, refund or new certificates with respect to the unused value of the product certificate. Pitney Bowes may, in its discretion, develop procedures governing the exercise of the product certificates including, but not limited to (a) including on the product certificates information that Pitney Bowes requires in order to track the dissemination, transfer and use of the product certificates; and (b) requiring Settlement Class members to redeem the product certificates by calling a specified toll-free phone number. At its option, Pitney Bowes may waive its right to require holders of the product certificates to return the certificates to Pitney Bowes upon use of the certificates.

Along with the product certificates, Pitney Bowes will include a web address from which class members can obtain product information and a toll-free number from which class members may order products. Pitney Bowes will mail a product catalogue, if available, upon request by a class member. Pitney Bowes may include marketing materials along with product certificates. If Pitney Bowes does so, the page containing the product certificate shall either be the item closest to the envelope seal or inserted in such a way that it is not obscured by the marketing materials. Pitney Bowes shall begin to mail the product certificates to eligible members of the Settlement Class no later than 60 days after Final Approval.

6. **Transferability of Product Certificates.** The product certificates will be fully transferable. Transfer of a product certificate shall have no effect on the transferor's release of claims as set forth in Paragraph 15 of this Settlement Agreement.

7. **Redemption of Product Certificates.** A product certificate may be redeemed for any product offered for sale on the Pitney Bowes Supply Line. The product certificates may not be used for any purpose other than for ordering products from the Pitney Bowes Supply Line,

except to the extent that Pitney Bowes chooses, in its own discretion, to make additional uses available to the certificate holders. Pitney Bowes shall use its best efforts to begin to mail the product certificates to eligible members of the Settlement Class no later than 60 days after the Court's final judgment and order are deemed final in accordance with Paragraph 34 of this Settlement Agreement. The product certificates will contain an expiration date. The expiration date on a product certificate shall not be earlier than eighteen months after the date that Pitney Bowes places the product certificate in the mail. Different product certificates may contain different expiration dates as Pitney Bowes may place product certificates in the mail at different times. Pitney Bowes will not be obligated to convert any product certificate amount to its cash equivalent. Pitney Bowes will not be obligated to reissue any lost product certificates. Failure of a member of the Settlement Class to either make a claim, if necessary under this Settlement Agreement, or to redeem a product certificate that Pitney Bowes has mailed, will not require Pitney Bowes to re-issue a product certificate, to issue an additional product certificate or cash equivalent thereof to any other person or entity, to pay out any monies to any person or entity, or to otherwise expend any other resources as a result of such failure.

8. **Incentive Payments.** In recognition of the time and effort expended by the Named Plaintiffs, Settlement Counsel will seek an award of incentive payments for the following entities to be paid from the Settlement Amount: Harbin Research Services, Inc., Emerson Enterprises, Boston Reed Co., McFerrin Insurance Agency, Inc. Cred-X Corporation and Statewide Heating & Air Conditioning Service. Plaintiffs agree that they will not seek an incentive payment greater than \$10,000 per entity, and Defendants agree that they will not object to an incentive payment of up to \$10,000 per entity. On a dollar-for-dollar basis, the incentive

payments to the Named Plaintiffs will reduce the Settlement Payment available to class members.

9. **Exclusion Threshold.** If persons who hold more than two percent of the leases entered into by all members of the Settlement Class during the Class Period elect to exclude themselves from the Settlement Class, then the Defendants will have the option, at their sole discretion, to withdraw from this Settlement Agreement by giving written notice to one of the Settlement Class Counsel of the termination within fifteen days of receiving notice that the requests for exclusion exceed the two percent exclusion threshold described above. Pitney Bowes will not, directly or indirectly, attempt to solicit, encourage, persuade, or induce any members of the Settlement Class to exercise opt-out or exclusion rights.

10. **Attorneys' Fees.** Named Plaintiffs and Defendants agree that reasonable attorneys' fees generated during the course of the litigation against Pitney Bowes pertaining to ValueMax, which litigation are specifically identified in the opening Recital, shall be paid to Settlement Class Counsel in an amount to be awarded by the Court. Defendants shall not be required to pay more than \$8,750,000.00 in attorneys' fees with respect to such litigation. Defendants shall not oppose any request by Settlement Class Counsel for an award of attorneys' fees up to an amount of \$8,750,000.00. Settlement Class Counsel will not seek attorneys' fees in an aggregate amount greater than \$8,750,000.00. Defendants agree not to appeal an award of attorneys' fees in the amount of \$8,750,000 or less. In the event the Court awards any attorneys' fees to any person other than Settlement Class Counsel in connection with this settlement, Settlement Class Counsel agrees that the amount of attorneys' fees awarded to them by the Court when added to the amount of attorneys' fees awarded to any other person in connection with this

settlement, will not exceed \$8.75 million. On a dollar-for-dollar basis, any award of attorneys' fees will reduce the Settlement Payment available to class members.

11. **Expenses and Costs.** Named Plaintiffs and Defendants agree that Settlement Class Counsel should be reimbursed for reasonable expenses and/or costs incurred during the course of the litigation against Pitney Bowes pertaining to ValueMax, described in the opening Recital, in an amount to be awarded by the Court. Defendants shall not be required to pay more than \$240,000 in costs and/or expenses in such litigation. Settlement Class Counsel agree that they will not seek an award of more than \$240,000 in expenses and/or costs. Such expenses and/or costs are to be paid separate and apart from Settlement Amount. Defendants agree not to appeal an award of expenses and/or costs in the amount of \$240,000 or less. In the event the Court awards any expenses and/or costs to any person other than Settlement Class Counsel in connection with this settlement, Settlement Class Counsel agrees that the amount of expenses and/or costs awarded to them by the Court when added to the amount of expenses and/or costs awarded to any other person in connection with this settlement, will not exceed \$240,000.00. Expenses and/or costs are defined as follows: depositions, filing fees, copies, travel, lodging, transportation, airfare, meals, telephone, facsimile, postage, Federal Express or other carriers, legal research such as Westlaw and/or Lexis, courier, experts, appearance fees, subpoena costs and court fees.

12. **Timing of Payment to Settlement Class Counsel and Incentive Payments.** Within ten business days of the Final Judgment and Order being deemed final as set forth in Paragraph 34 of this Settlement Agreement, Defendants shall pay the attorneys' fees, expenses and costs awarded by the Court to Settlement Class Counsel. Settlement Class Counsel shall be solely responsible for distributing the payment among themselves. Within ten business days of

the Final Judgment and Order being deemed final as set forth in Paragraph 23 of this Settlement Agreement, Defendants shall pay the Incentive Payments set forth in Paragraph 8 above. The payments shall be made to the order of the Named Plaintiffs but shall be sent care of Settlement Class Counsel.

13. **Administration and Related Costs.** Defendants shall pay the Settlement Payment directly to the members of the Settlement Class, and shall not be required to place any amount of those payments in a separate bank account, trust account, or other designated account. Defendants shall bear the costs of providing notice to the Settlement Class and the costs of the claim administration process. Defendants may, if they so choose, retain a claims administrator for the purpose of administering this Settlement Agreement or may administer the notice and claim administration process internally. In order to effectuate the terms of this Settlement Agreement, Defendants reserve the right to make binding decisions regarding non-material matters not addressed in this Settlement Agreement, and shall do so in good faith; including, for example, bar codes on product certificates or color codes on envelopes. In the event that the decision results in the creation or modification of a document provided to members of the Settlement Class, Defendants will provide a copy to Settlement Class Counsel.

14. **Other Relief.** Defendants agree to the following regarding the ValueMax program:

A. **Rates.** For a period of two years following the execution of this Settlement Agreement, Defendants agree that they will not raise the rates charged for ValueMax. ValueMax is defined as the current ValueMax program as well as any program similar to the current ValueMax program in which a customer is automatically enrolled in a program that repairs or replaces equipment in exchange for an additional fee if the customer does not provide

proof of insurance. Pitney Bowes understands that the Settlement Class Counsel and the Named Plaintiffs may assign a dollar value to this additional relief when seeking approval of this settlement. Pitney Bowes will not object to any such value as long as the value does not exceed \$20,000,000.00.

B. Disclosures.

(1) For a period of two years following the Final Approval of this Settlement Agreement, the following language will appear in the paragraph(s) immediately preceding the customer's signature on the front page of its lease form: "This lease contains a risk of loss provision in paragraph ____ that requires you either to provide proof of insurance or instead participate in a Pitney Bowes program, currently called ValueMax, for an additional fee." This language will be in the same size and typeface as the other language in the paragraph. The Settlement Class and Settlement Class Counsel believe, and intend to seek a finding by the Court as part of the approval of this settlement, that this additional disclosure constitutes reasonable notice to customers of their obligation to provide proof of insurance in order to avoid paying an additional fee. Pitney Bowes reserves the right to provide other alternatives to providing proof of insurance. If Pitney Bowes does so, it has the right to modify the language in the lease; provided that if ValueMax remains an option, it must be referenced by name in a manner similar to that stated here.

(2) For a period of two years following the Final Approval of this Settlement Agreement, the risk of loss provision of the lease will not include the term "risk management."

Settlement Class Counsel and the Named Plaintiffs agree that they will not seek to establish any dollar value on the amended disclosures, for any purpose. Defendants believe that its disclosures in the lease, other documents, or made orally, have been adequate.

Defendants will use their best efforts to implement these changes within sixty (60) days following Final Approval of the Settlement Agreement. The changes will not be considered an admission against interest by Defendants, or otherwise be used as evidence against Defendants.

15. **Release of Claims.** In consideration for Paragraphs 4 through 14 of this Settlement Agreement, the Named Plaintiffs and each member of the Settlement Class (except any person who has obtained proper and timely exclusion from the Settlement Class pursuant to Paragraph 20 of this Settlement Agreement), for itself, its present and former parents, subsidiaries, predecessors, successors, assigns, trustees and affiliated entities, shall release Pitney Bowes Inc. and Pitney Bowes Credit Corporation, including their present and former parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, employees, attorneys, representatives and agents, of all State and Federal legal, equitable or statutory claims, demands, actions, or causes of action, whether brought directly, indirectly, representationally, derivatively, or in any capacity, both known or unknown, arising at any time and relating in any way to ValueMax, Pitney Bowes's risk management program, or the risk of loss provision in their PBCC leases, including but not limited to any claim for breach of contract, breach of the duty of good faith and fair dealing, negligence, misrepresentation, fraud, unjust enrichment, constructive trust, unconscionability, conspiracy, joint venture, injunction, consumer protection statutes, deceptive trade practice statutes, or selling insurance without a license (the "Released Claims"). Released Claims do not include any claim under the ValueMax program in the event the leased equipment is lost, damaged or destroyed.

Without limiting the generality of the release, all members of the Settlement Class expressly release any and all claims and defenses in connection with the matters released about which the parties do not know or suspect to exist in their favor, whether through ignorance,

oversight, error, negligence or otherwise, and which, if known would materially affect their decision to enter into the release, and to that end each of them, therefore, waives any and all rights under Section 1542 of the Civil Code of California (or any similar law, provision or statute of any state) which states in full as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

III. SETTLEMENT PROCEDURE

16. **Preliminary Approval.** Within thirty (30) days after all parties have executed this Settlement Agreement, Named Plaintiffs and Defendants shall jointly submit this Settlement Agreement to the Court. Named Plaintiffs shall move the Court to:

- (a) Preliminarily approve this Settlement Agreement;
- (b) Preliminarily certify the Settlement Class;
- (c) Approve the proposed Notice, attached hereto as Exhibit A, and direct its mailing to members of the Settlement Class as provided in this Settlement Agreement (the "Mailed Notice");
- (d) Approve the proposed language of the Notice, attached hereto as Exhibit B, and direct its publication as provided in this Settlement Agreement (the "Publication Notice");
- (e) Find that the method and manner of providing notice will fully and adequately advise the members of the Settlement Class of their rights and obligations under the Settlement Agreement; and

(f) Schedule a hearing to determine the reasonableness, adequacy and fairness of this Settlement Agreement pursuant to the Alabama Rules of Civil Procedure, and whether it should be approved by the Court.

17. **Confirmatory Discovery.** Plaintiffs' counsel may conduct confirmatory discovery within 30 days after preliminary approval. Such discovery shall be limited to sworn declarations regarding the total number of class members, the total amount of ValueMax fees paid during each year of the class period, and the total amount of ValueMax fees paid during each year of the class period in the states of California, Mississippi, Texas, Alabama and West Virginia.

18. **Notice.** After receiving preliminary court approval of this Settlement Agreement and of the two forms of notice, and not later than 60 days after such preliminary approval, Defendants shall, at their own expense, begin to mail the Mailed Notice to all Class Members at their last known address. Pitney Bowes will exercise its best efforts to complete the mailing within 75 days after receiving preliminary court approval of this Settlement Agreement. Such Mailed Notice may be provided by means of an insert to be included along with Defendants' regular transmission of periodic statements to individuals with an account, or by means of a separate mailing, at Defendants' sole discretion. Pitney Bowes shall also provide the Publication Notice, no later than 75 days after receiving preliminary court approval of this Settlement Agreement, by a one-day publication in the Wall Street Journal. The parties agree that the notice provided by this Settlement Agreement satisfies all federal and state due process requirements as well as all requirements under the Alabama Rules of Civil Procedure, and the parties will seek such determination by the Court. Before mailing the notice, Pitney Bowes will use the National Change of Address database in order to update its mailing list to include forwarding information.

19. **Claims for Settlement Payment.** Any member of the Settlement Class receiving the Mailed Notice from Pitney Bowes need not make any additional claim in order to receive a Settlement Payment under this Settlement Agreement. Any member of the Settlement Class who has not received the mailed Notice from Pitney Bowes may make a claim by sending a letter to Settlement Class Counsel and Pitney Bowes Class Counsel. The letter must be signed by either the person making the claim or by a person with authority to sign for the Settlement Class member, in which case the letter must demonstrate such authority. The letter shall contain the Class Member's name, address and telephone number, and must provide either the lease numbers and lease dates or other information sufficient to demonstrate that the claimant is a member of the Settlement Class. In addition, the person must certify that they are a member of the Settlement Class. The letter must be postmarked no later than the date of the Court's final hearing under the Alabama Rules of Civil Procedure. All information submitted with a claim is subject to verification by Defendants as a condition of payment under this Settlement Agreement.

20. **Right of Exclusion.** All members of the Settlement Class who properly file a timely written request for exclusion from the Settlement Class shall be excluded from the Class, shall have no rights as members of the Settlement Class pursuant to this Settlement Agreement, and shall not receive their portion of the Settlement Payment as provided herein. A request for exclusion must be in writing, must be signed, and must state the name, address and phone number, of the person seeking exclusion. The request must also state that the person is a member of the settlement class and must provide either the lease number(s) and lease date(s) or other information sufficient to identify the lease that is being excluded from the class. A request for exclusion must be received by Settlement Class Counsel and Pitney Bowes counsel, at the

addresses provided in the notices, and must be postmarked on or before the date listed in the notices, which date shall not be before the later of 30 days after the Mailed Notice is mailed or 30 days after the Publication Notice appears in the Wall Street Journal.

21. **Right of Objection.** Any member of the Settlement Class who timely objects to the settlement may appear in person or through counsel, at his or her own expense, at the final approval hearing to present any evidence or argument that may be proper and relevant. No Class Member shall be heard and no papers, briefs, or pleadings submitted by any such Class Member shall be received and considered by the Court unless, on or before the date listed in the notice, which date shall not be before the later of 30 days after the Mailed Notice is mailed or 30 days after the Publication Notice appears in the Wall Street Journal, the Circuit Clerk, Settlement Class Counsel and Pitney Bowes counsel, receive such Class Member's written and signed objection that includes (a) the name, signature, title, address, telephone number, lease number(s) and lease date(s) or other information sufficient to identify the Class Member's lease; (b) a notice of intention to appear, either in person or through an attorney, with the name, address and telephone number of the attorney, if any, who will appear; (c) certification that the person is a member of the Settlement Class; (d) a statement of each objection asserted; (e) a detailed description of the facts underlying each objection; (f) a detailed description of the legal authorities, if any, supporting each objection; (g) a list of exhibits and/or affidavits the person may offer during the hearing; and (h) a list of all witnesses the person may call to testify at the hearing, along with a summary of each witnesses anticipated testimony. Any Class Member who fails to object in the manner prescribed herein, or who fails to timely serve counsel as described herein, shall be deemed to have waived his or her objections and forever be barred from making any such objections in the lawsuit or in any other action or proceeding.

22. **Final Judgment and Order.** At the final hearing pursuant to Rule 23 of the Alabama Rules of Civil Procedure, Plaintiffs and Defendants shall jointly move the Court to enter an order:

- (a) Granting final approval of this Settlement Agreement without material alteration of its terms;
- (b) Finding that the terms of this Settlement Agreement are fair, reasonable and adequate as to the Settlement Class;
- (c) Finding that the additional disclosure required by this Settlement Agreement constitutes reasonable notice to customers of their obligation to provide proof of insurance in order to avoid paying an additional fee;
- (d) Providing that each member of the Settlement Class, except those who choose to exclude themselves pursuant to Paragraph 20 of this Settlement Agreement, has accepted this Settlement Agreement and shall be bound by this Settlement Agreement regardless of whether such Settlement Class member submits any claim;
- (e) Approving such requests for exclusion as have been timely submitted to the Court;
- (f) Dismissing all claims against Defendants in this litigation on the merits and with prejudice and entering final judgment thereon; and
- (g) Providing that the Court shall maintain jurisdiction over the implementation of this Settlement Agreement and any dispute, claim, or action arising out of or related to this Settlement Agreement.

23. **Effect of Final Judgment.** The Final Judgment and Order shall be deemed final one day after the later of: (a) the date by which any person must file a document seeking an

appeal, review, rehearing, reconsideration, or any other action regarding the Final Judgment and Order, if no such document has been filed; or (b) in the event that any person files a document seeking an appeal, review, rehearing, reconsideration or any other action regarding the Final Judgment or Order, then the date upon which all appellate and/or other proceedings resulting from such document have been finally terminated in such a manner as to permit no further judicial action, and with the Final Judgment and Order being affirmed and approved in all respects.

24. **Dismissal of Claims and Other Actions.** The Named Plaintiffs agree to participate as class members, and not opt out, of this Settlement Agreement. The plaintiffs in the Alabama Action agree that their claims will be dismissed with prejudice as part of this settlement, and agree to request the Court to vacate its Order on Summary Judgment dated February 2, 2004. Upon final approval, the appropriate Named Plaintiffs will move for dismissal, with prejudice, of the Texas Action and the West Virginia Action, and will move to dismiss their appeal pending in the California Action. Upon final approval, Pitney Bowes will withdraw its motion for attorneys' fees in the California Action.

25. **Defendants' and Plaintiffs' Right to Withdraw.** Defendants and Plaintiffs have the option to withdraw from this Settlement Agreement, and thereby render the Settlement Agreement null and void, as follows:

(a) Defendants may withdraw if persons holding more than two percent of the leases entered into by all members of the Settlement Class elect to exclude themselves from this Settlement Agreement (which process is set forth in Paragraph 20 of this Settlement Agreement);

(b) If the Named Plaintiffs or Settlement Class Counsel, and/or Pitney Bowes, breach any material provision of this Settlement Agreement or the Preliminary Approval Order, or fail to fulfill any obligation hereunder or thereunder; the other party may withdraw but only after giving the breaching party written notice and right to cure within a reasonable time.

(c) Upon such other grounds as may be agreed to by the Named Plaintiffs and Defendants or permitted by the Court.

26. **Effect of Withdrawal or Non-approval.** This Settlement Agreement shall become null and void, all orders pursuant to this Settlement Agreement shall be deemed vacated, and the lawsuit may continue, in the event that:

(a) Defendants and/or plaintiffs withdraw from the Settlement Agreement, as permitted by the terms of this Settlement Agreement;

(b) This Settlement Agreement, the Preliminary Approval Order, and the Final Judgment and Order are not approved in all material respects by the Court; or

(c) This Settlement Agreement, the Preliminary Approval Order, or the Final Judgment and Order is reversed, vacated, or modified in any material respect by the Court or any other court.

GENERAL TERMS AND CONDITIONS

27. **Settlement Negotiations.** This Settlement Agreement is the result of extensive arm's-length negotiations between the parties and their detailed study of all the factors involved, both legal and factual, and included the participation of a neutral mediator. The parties strongly dispute the factual and legal issues raised by the pleadings. Taking into account the risks, uncertainties, burdens and costs of further litigation, Named Plaintiffs and Defendants have each

concluded that it is in their best interests, and in the best interests of the Settlement Class, to compromise and settle the ongoing litigation in this matter in the manner and on the terms set forth in this Settlement Agreement.

28. **Drafting.** The parties agree that no single party shall be deemed to have drafted this Settlement Agreement or any portion thereof, and that for purposes of construing any ambiguity it is agreed that this Settlement Agreement is the collaborative effort of all attorneys and there will be no construction of an ambiguity against any party on account of any claim that such party drafted the subject language.

29. **Confidentiality.** It is agreed that this document is exchanged pursuant to settlement negotiations, is to be used for no purposes other than settlement, is not admissible in any proceeding except to enforce the terms of the settlement, and is not to be disclosed to any persons except (a) as required by law, (b) as required by court order, (c) as reasonably necessary for Settlement Class Counsel to fulfill their obligations to the members of the class, (d) as reasonably necessary for Pitney Bowes to fulfill its obligations to its customers and/or to comply with its obligations as a public company, and (e) as reasonably necessary to carry out the terms of this Settlement Agreement.

30. **Miscellaneous.**

(a) Each contract between Pitney Bowes and members of the Settlement Class shall not otherwise be affected by the terms stated herein.

(b) The parties shall have no further discovery or document preservation obligation resulting from the Actions after Final Approval. Within 120 days following Final Approval, Settlement Class Counsel agrees to return to Pitney Bowes all documents and testimony obtained from Pitney Bowes in connection with the Action, including any

copies made thereof, except any documents which are attached as exhibits to pleadings, any copies bearing notes or mental impressions which may be privileged and the files of the named Plaintiffs. To the extent that documents are not returned to Pitney Bowes solely on grounds that they contain notes or mental impressions which may be privileged, Settlement Class Counsel agrees to destroy such documents and to certify in writing that the destruction has occurred. The return of documents shall be at the expense of Defendants.

(c) This Settlement Agreement shall not be deemed an admission of wrongdoing or liability of any kind by Pitney Bowes, or as an acknowledgment that a litigation class can be certified on the claims being released in this litigation. The settlement and all negotiations, procedures, related acts, statements or conduct of the parties or their counsel shall not be offered into evidence or otherwise used against Pitney Bowes in any case regarding ValueMax or any other case or proceeding, except to enforce the terms of the settlement. If the Settlement Agreement does not receive preliminary approval, or is voided or materially altered for any reason, Pitney Bowes retains the right to object to plaintiffs' motion to certify any litigation class on any grounds. Pitney Bowes, in the good faith exercise of discretion, may determine if an alteration is material.

(d) The Named Plaintiffs, Settlement Class Counsel and Pitney Bowes agree that, in the event this litigation is not fully and completely settled pursuant to the terms and conditions of this Settlement Agreement, nothing contained in this Settlement Agreement can be used by any person for any purpose with respect to the issues of class

certification or the merits of the claims or defenses asserted in this litigation or any other litigation.

(e) To the extent that this Settlement Agreement requires Pitney Bowes to notify Settlement Class Counsel of any matter, Pitney Bowes may satisfy this obligation by mailing notice of the matter to Robert G. Methvin, Jr., McCallum & Methvin, P.C., 2201 Arlington Avenue South, Birmingham, AL 35205.

31. **Authorization.** Counsel for all parties are expressly authorized by the parties whom they represent to enter into this Settlement Agreement, to take all appropriate action required or permitted to be taken in such parties pursuant to this Settlement Agreement to effectuate these terms, and to execute any other documents required to effectuate the terms of this Settlement Agreement. Charles A. McCallum and Robert G. Methvin, Jr. warrant that they are authorized to sign on behalf of Ann Harbin, Emerson Enterprises, Statewide Heating & Air Conditioning Service, Boston Reed Company, Cred-X, Inc. and McFerrin Insurance Agency, Inc., as well as other Settlement Class Counsel; but the parties agree that these entities and all Settlement Class Counsel must individually sign this Settlement Agreement before the date that this Settlement is presented to the Court for preliminary approval.

32. **Counterparts.** This Settlement Agreement may be executed in one or more counterparts. All counterparts and each of them shall be deemed to be one and of the same instrument provided that counsel for the parties to this agreement shall exchange among themselves original signed counterparts.

33. **Integration of Exhibits.** The exhibits to this Settlement Agreement are an integral and material part of the settlement and are hereby incorporated and made a part of the Settlement Agreement.

34. **Cooperation.** The parties shall cooperate in presenting papers, affidavits and/or testimony to the court as may be necessary to effectuate the purpose and intent of this agreement.

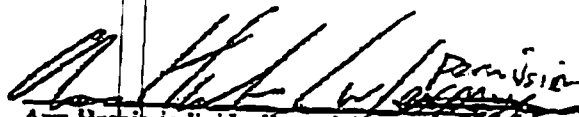
35. **Integration Clause.** This Settlement Agreement represents the entire and sole agreement negotiated and agreed to by and between the Named Plaintiffs and the Defendants. This Settlement Agreement is an integrated document and shall not be amended, modified, or supplemented, nor shall any of its provisions be deemed waived, unless by written agreement signed by the respective attorneys for the parties.

36. **No Admission.** Nothing in this Settlement Agreement shall constitute or be construed as an admission by the Defendants of any liability or wrongdoing whatsoever, nor shall any portion of this Settlement Agreement be offered or received in evidence, or subject to discovery, in this or any other action or proceeding except in an action brought to enforce the terms of this Agreement or except as may otherwise be required by law or court order.


DEC-30-2004 (THU) 11:04

P. 003/003

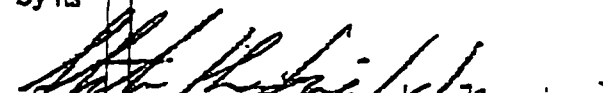
ON BEHALF OF PLAINTIFFS AND THE SETTLEMENT CLASS:


Ann Harbin individually and d/b/a
Harbin Research Services


By Its


Emerson Enterprises


By Its


Statewide Heating & Air Conditioning
Service

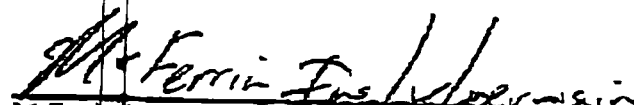
By Its


Boston Road Company

By Its


Cred-X, Inc. d/b/s the Credit Corporation of
America

By Its

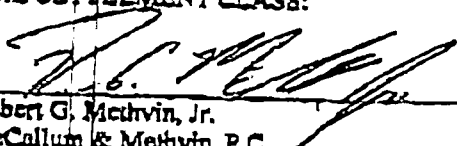
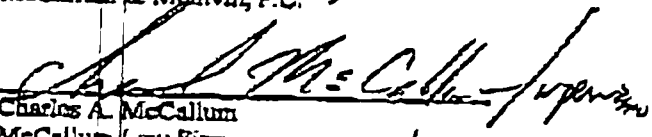
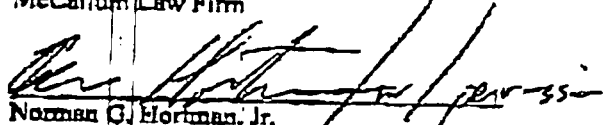
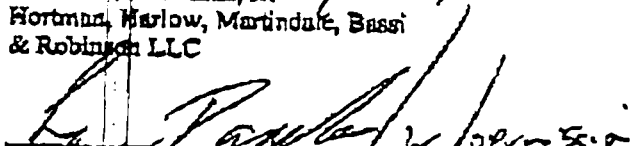
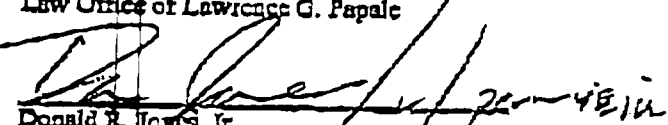
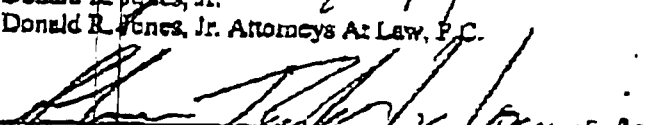
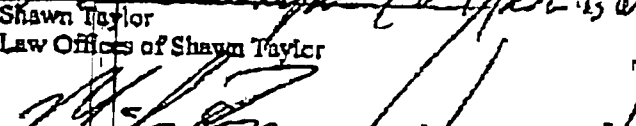
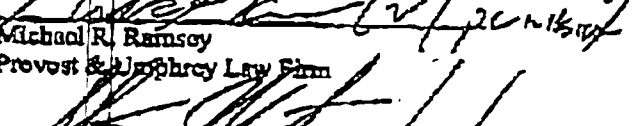

McFerrin Insurance Agency, Inc.

By Its

DEC-30-2004 (THU) 11:04

P.002/003

ON BEHALF OF PLAINTIFFS AND THE SETTLEMENT CLASS:


Robert G. Mathvin, Jr.
McCallum & Mathvin, P.C.
Charles A. McCallum
McCallum Law Firm
Norman G. Horton, Jr.
Hortman, Harlow, Martindale, Bassi
& Robinson LLC
Lawrence G. Papale
Law Office of Lawrence G. Papale
Donald R. Jones, Jr.
Donald R. Jones, Jr. Attorneys At Law, P.C.
Shawn Taylor
Law Offices of Shawn Taylor
Michael R. Ramsey
Provost & Humphrey Law Firm
J. Steven Mostyn
Law Offices of J. Steven Mostyn

ON BEHALF OF DEFENDANTS

Michael J. Croteau
Pitney Bowes Inc.

By Its

Pitney Bowes Credit Corporation

By Its

J. Kevin Snyder
Robins, Kaplan, Miller & Ciresi L.L.P.

ON BEHALF OF DEFENDANTS

Pitney Bowes Inc.

By Its

Date:


Pitney Bowes Credit Corporation

By Its

CHRISTIAN D. HUGHES
Vice President, Secretary
and General Counsel

Date:

J. Kevin Snyder
Robins, Kaplan, Miller & Ciresi L.L.P.

Date:

ON BEHALF OF DEFENDANTS

Pitney Bowes Inc.

By its

Pitney Bowes Credit Corporation

By its

C. Kevin Snyder

J. Kevin Snyder
Robins, Kaplan, Miller & Ciresi L.L.P.