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January 22, 2013

Via Email Only

Chris R. Youtz
Sirianni Youtz Spoonemore
999 Third Avenue, Suite 3650
Seattle, Washington 98104

Re: *Judd, et al. v. AT&T, et al.*
King County Superior Court No. 00-2-17565-5 SEA

Dear Chris:

This CR 2A letter confirms the settlement that has been reached between AT&T and the two classes certified by the Court on February 23, 2012, the "InterLATA Call Recipients Class" and the "IntraLATA Call Recipients Class." The terms, which are fully enforceable, are as follows:

1. Payment by AT&T of \$45,000,000, inclusive of fees, costs, cost of administration, costs of notice and incentive payments. This is an "all in" net figure. AT&T will bear no responsibility to the classes or class counsel beyond this figure. The money will be wired to an escrow account established by class counsel by the close of business on Thursday, March 21, 2013. This money will be held pending final approval of the settlement. Any interest generated on this account will belong to the beneficiaries of the settlement.
2. Mutual releases, including a full release of all claims that either class has, had, or may have in the future against AT&T relating to or arising out of the facts alleged in this lawsuit.
3. The procedure for distributing funds to class members shall be determined by class counsel with approval by the Court. Class counsel intends to use a method similar to the method approved by the Court with respect to the T-Netix

settlement. Class counsel will draft and distribute notice to the class, after approval by the Court.

4. Any residual funds, as defined in CR 23(f)(1), shall be distributed as follows:
 1. As provided in CR 23(f)(2), twenty-five percent of the residual funds shall be distributed to the Legal Foundation of Washington.
 2. AT&T shall be permitted to recommend to the Court the designation of up to twenty-five percent of the residual funds, subject to each of the following:
 - a. The recommendation must comply with CR 23(f).
 - b. The funds must be designated to an entity which provides, directly or indirectly, educational, financial, or other assistance to (i) prisoners or former prisoners in Washington State, (ii) the family members of prisoners or former prisoners in Washington State, or (iii) any legal aid or services organizations (or their umbrella organizations, including the Legal Foundation of Washington) operating exclusively or nearly exclusively in Washington State which provides educational, financial, or other services for prisoners or former prisoners in Washington State, or the family members of prisoners or former prisoners.
 - c. Class counsel shall be permitted to object to AT&T's recommendation for good cause.
 - d. The Court shall retain ultimate authority with respect to the distribution of these residual funds.
 3. Class counsel shall be permitted to recommend the distribution of the remaining residual funds (which shall not be less than fifty percent of the total residual funds) consistent with the requirements of CR 23(f). AT&T shall be permitted to object to class counsel's recommendation for good cause. Any designation shall be subject to approval by the Court, who shall retain ultimate authority with respect to the distribution of these residual funds.

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5. The settlement and allocation plan will be subject to approval by the Court after notice is given to the class. Class counsel will file a motion seeking preliminary approval of the settlement.
6. Class counsel will seek an award of attorney fees of up to thirty-five percent of the gross settlement amount under the common fund doctrine. Class counsel will seek reimbursement of its litigation costs actually incurred. Class counsel will seek incentive awards for the class representatives in the sum of \$50,000 each. AT&T will not oppose counsel's request for fees, costs or incentive awards that do not exceed these amounts. Attorney fees, costs and incentive awards must be approved by the Court.
7. Nothing in this agreement shall be construed to prevent AT&T from continuing to prosecute its appeal from the WUTC's Order 25 or its claim for indemnification against T-Netix.
8. The parties will execute a fuller, formal settlement agreement that is not inconsistent with the terms of this agreement. Any dispute over the terms, interpretation and/or performance of this CR 2A letter or the long form agreement is subject to final and binding arbitration before Hon. Edward Infante (Ret.).

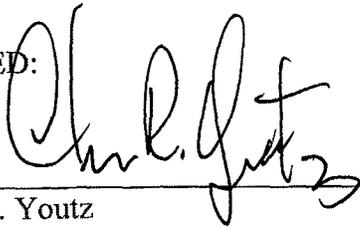
Please sign below indicating your acceptance of these terms and return a copy to me.
Thank you for your efforts to resolve this matter.

Very truly yours,



Charles W. Douglas

AGREED:



Chris R. Youtz

cc: Hon. Edward A. Infante (Ret.)