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LAMB & BARNOSKY, LLP

ATTORNEYS AT LAW

MEMORANDUM

TO: OUR PUBLIC EMPLOYER CLIENTS

FROM: LAMB & BARNOSKY, LLP

RE: INTEL ANTI-TRUST LITIGATION

DATE: JUNE 15, 2010

We are writing to advise you about recent developments in the anti-trust litigation filed by the New York State Attorney General's Office, on behalf of all New York State public entities, against Intel Corporation with regard to the sale of "x86 CPU" microprocessors. This anti-trust litigation involves allegations by the New York State Attorney General that Intel Corp. has been engaged in unlawful conduct that has resulted in Intel Corp. charging inflated prices for products that contain the "x86 CPU" microprocessor.

On June 10, 2010, our office participated in a conference call with the New York State Attorney General's Office regarding this matter. The Attorney General's Office had placed all public entities on notice of the lawsuit in early December 2009.

In correspondence from the Attorney General's office dated May 25, 2010, all public entities were informed that they have until June 25, 2010 to advise the Attorney General's Office whether they wish to "opt out" and retain separate counsel in the anti-trust suit. The May 25, 2010 correspondence indicated that if a public entity does not advise the Attorney General's Office of its desire not to be represented by it in this action, then the Attorney General's Office will continue to assume that it represents the public entity's interests in this matter.

The conference call was designed to answer any questions that public entities might have about their participation, or non-participation, in the suit as well as any obligations they may have related to the ongoing litigation.

During the conference call, the Attorney General's Office stated that their Office imposed the June 25, 2010 "opt out" deadline, not the Court. If an entity requires additional time to make its decision, the Attorney General's Office should be notified and the entity will be given the time it requires. Furthermore, if an entity does not "opt out" of the suit now but later wishes to exercise this option, the Attorney General's Office advised that the entity will be permitted to do so.

By remaining part of the suit beyond the June 25, 2010 "opt out" deadline, the only legal right which the entity is surrendering is its right to commence an independent action against Intel Corp. Otherwise, the entity's legal rights with regard to the subject matter of this lawsuit remain intact.

The Attorney General's Office and Intel Corp. are currently in the process of resolving discovery disputes relating to the production of various records. The Attorney General's Office intends to resist any discovery request that seeks documents from every public entity in the state. To this end, the Attorney General's Office is confident that the Court will limit discovery to a small sampling of public entities within the state. For those entities that will have to provide discovery material, the requirement of producing documents is not expected to be onerous. Moreover, just because an entity chooses to "opt out" of the suit, it may not necessarily be relieved of any discovery obligations. Thus, "opting out" will not immunize the entity from discovery.

The Attorney General's Office reiterated that public entities should continue to implement and abide by the litigation hold letter previously sent out by the Attorney General (copy enclosed). Until the matter is resolved, public entities should continue to preserve documents relevant to purchase of computers for the period 2001 until present.

Finally, in the event of a settlement of the lawsuit, public entities who choose not to "opt out" will not have an opportunity to review and approve the terms of any settlement agreement, as they would in a typical class action lawsuit. In addition, it is possible that any settlement will not result in funds being distributed to any public entities directly. Rather, it is possible that the parties will agree to have the funds paid to a central fund used for a public purpose. However, the Attorney General's Office feels it is too early to speculate on potential settlement as the parties have not discussed the possibility at this stage of the litigation.

We will continue to monitor this litigation and further advise if there are any new developments of which you should be aware.

THIS MEMORANDUM IS MEANT TO ASSIST IN GENERAL UNDERSTANDING OF THE CURRENT LAW. IT IS NOT TO BE REGARDED AS LEGAL ADVICE. THOSE WITH PARTICULAR QUESTIONS SHOULD SEEK THE ADVICE OF COUNSEL.

ADVISORY FROM THE ATTORNEY GENERAL TO GOVERNMENTAL BODIES THAT PURCHASED COMPUTERS AND COMPUTER EQUIPMENT

– Pending Litigation & Request to Preserve Purchase Records to Obtain Damages –

Purpose of Advisory: The purpose of this advisory is to alert New York State political subdivisions, local entities and public authorities to a recent civil action by the New York State Attorney General Andrew Cuomo against Intel Corporation. This action, which filed in the United States District Court for the District of Delaware on November 4, 2009, alleges damages under federal and state antitrust laws, as well as under New York's Executive Law, arising from the purchase of computer and server products which contain x86 CPUs. According to the Complaint, prices for x86 CPUs have been artificially elevated by Intel Corporation's anticompetitive conduct in recent years. This advisory is also intended to alert public entities to the requirement that they take reasonable steps to preserve relevant documents (including without limitation purchase records) from 2001 to the present if they may wish to assert a claim for damages.

The Product Involved: x86 CPUs are a class of microprocessors used in most office and personal computer products, and in many servers. x86 CPUs are typically a component in computer products that the user or agency purchases – generally a desktop or notebook computer, a workstation, or a server. In general, all computers running Microsoft Windows are x86 CPU-based computers. However, x86 CPU-based computers – and particularly servers – can and are used in non-Windows environments as well. In addition, more recent Apple computers are also based on x86 CPUs.

Pending Civil Litigation: On November 4, 2009, the New York Attorney General commenced an action in the federal court in Delaware, seeking injunctive and other relief, as well as monetary damages, for Intel Corporation's alleged anticompetitive conduct in the x86 CPU market. The action seeks to recover damages, *inter alia*, on behalf of the State of New York, including all of its divisions, departments and agencies, as well as on behalf of local entities (e.g., counties, cities, towns, villages, school districts) and public authorities within the State of New York. New York law, like federal law, prohibits certain kinds of anticompetitive conduct and grants the Attorney General authority to bring various legal actions, including cases to recover damages suffered by New York governmental entities.

Other Pending Civil Litigation: Civil antitrust cases seeking damages caused by Intel's allegedly illegal, anticompetitive conduct are also pending in federal court in Delaware, asserted on behalf of classes of purchasers of x86 CPU products who may have been injured.

Protecting the Opportunity for Recovery: As noted above, the New York Attorney General has brought an action asserting damages claims on your behalf. You may wish to seek legal counsel regarding your rights, including your right, under New York State

law, to bring suit on behalf of your entity to recover any damages suffered.

The following information may be useful to facilitate recovery of damages:

1. x86 CPUs are primarily used in personal computers (including desktops, laptops and notebooks), as well as in many kinds of workstations and servers.
2. The Intel Corporation is alleged to have engaged in anticompetitive practices relating to its sale of x86 CPUs. However, damages relating to this misconduct are not necessarily limited to purchases of x86 CPUs manufactured or sold by Intel, but rather, may also include x86 CPUs produced by other semiconductor manufacturers (e.g., x86 CPUs made by Advanced Micro Devices, Inc., usually referred to as "AMD.")
3. Intel is alleged to have engaged in anticompetitive conduct in order to artificially elevate the prices for its x86 CPU products which were in turn sold to certain computer and server manufacturers ("Original Equipment Manufacturers" or "OEMs.") These OEMs include, without limitation, Dell Inc., Hewlett-Packard Company ("HP"), Compaq, Apple Computer Inc., International Business Machines Corporation ("IBM"), Lenovo, Acer and/or Gateway Inc.
4. New York public entities may have suffered damages if they purchased computer products based on x86 CPUs – either directly from a semiconductor manufacturer, including Intel or AMD, or as is more likely the case in certain instances, indirectly from an OEM or from a distributor as a component in a computer or server product.
5. Any New York public entity that purchased such products — including cities, counties, municipalities, villages, public authorities, health care facilities, educational institutions, and school districts — may have been injured to the extent that illegal overcharges were included in their purchases.
6. To prove a claim for damages, victims of the antitrust violations may be called on to establish the quantity and nature of their purchases of the products that were subject of anticompetitive conduct, including where the x86 CPU is a component of a larger product. Thus, purchase records and other documents that show the items purchased, the number of units, the prices paid, and the dates and terms of the transactions, may be needed.
7. The period during of the alleged misconduct is from 2001 through the present. Purchase records from at least this period are therefore likely to be germane.

8. Public entities that believe they may have suffered damages should take reasonable steps to preserve the originals of their relevant records. We understand that many such records are required to be preserved for a period of six years and may thereafter be discarded in the ordinary course. To the extent that such records have not already been discarded in accordance with those policies, public entities should take particular care that relevant records from that time period are preserved rather than routinely discarded.

If you have any questions, or wish to discuss this further, please contact the Antitrust Bureau of the New York Attorney General's Office as follows:

by email: intel.litigation@oag.state.ny.us

- or -

by fax: (212) 416-6015, Att: Ling Feng Fu, Legal Assistant.

Thank you for your attention.

Dated: November 30, 2009

Office of the Attorney General of the State of New York
Antitrust Bureau