

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

MONTOYA, et. al

Plaintiffs,

vs.

MAMMA.COM, INC., et. al

Defendants.

This Document Relates To: All Actions

Consolidated Civil Action
Case No. 1:05-cv-02313 (HB)

STIPULATION AND AGREEMENT OF SETTLEMENT WITH CERTAIN DEFENDANTS

This Stipulation and Agreement of Settlement (the “Stipulation”) is submitted pursuant to Rule 23 of the Federal Rules of Civil Procedure. Subject to the approval of the Court, this Stipulation is entered into among Lead Plaintiffs Robert Witkowski, Vivian Salem, Rocco Porreco, Kenneth Callenius, and Jyuthika Golakia on behalf of themselves and the Class (as hereinafter defined) and Settling Defendants Mamma.com, Inc. (“Mamma.com”) and David Goldman, Guy Fauré, and Daniel Bertrand (collectively, the “Officer and Director Defendants” and collectively with Mamma.com, the “Mamma Defendants” or the “Settling Defendants”), by and through their respective counsel. This settlement does not settle or release any claims against Irving Kott (“Kott” or the “Non-Settling Defendant”). The Settling Defendants and the Non-Settling Defendant are collectively referred to hereinafter as the “Defendants.”

WHEREAS:

A. Beginning on February 22, 2005, seven class actions alleging violations of federal securities laws – Montoya v. Mamma.com, Inc., et al., Case No. 1:05-cv-02313 (HB); Gudman v. Mamma.com, Inc., et al., Case No. 1:05-cv-02426 (HB); Aviva Partners, L.L.C. v. Mamma.com, Inc., et al., Case No. 1:05-cv-02483 (HB); Mauthner v. Mamma.com, Inc., et al.,

Case No. 1:05-cv-02534 (HB); Porreca and Contes v. Mamma.com, Inc., et al., Case No. 1:05-cv-02625 (HB); Scanga v. Mamma.com, Inc., et al., Case No. 1:05-cv-02719 (HB); and McDougal v. Mamma.com, Inc., et al., Case No. 1:05-cv-03444 (HB) – were filed in this court and were subsequently consolidated under the caption above, and are hereinafter referred to as the “Action”;

B. The Consolidated Amended Class Action Complaint dated July 29, 2005 (the “Complaint”) filed in the Action generally alleges, among other things, that Defendants issued materially false and misleading press releases and other statements regarding Mamma.com’s financial condition during the Class Period — March 2, 2004 through and including February 16, 2005 — in a scheme to artificially inflate the value of Mamma.com’s common stock;

C. The Complaint further alleges that Lead Plaintiffs and other Class Members purchased the common stock of Mamma.com during the Class Period at prices artificially inflated as a result of the Defendants’ dissemination of materially false and misleading statements regarding Mamma.com in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder;

D. On September 14, 2005, the Mamma Defendants moved to dismiss the Complaint. Lead Plaintiffs filed opposition papers on October 18, 2005. The Mamma Defendants filed reply papers on November 7, 2005. The Court held a hearing on the motion to dismiss on November 10, 2005;

E. On November 21, 2005, Non-Settling Defendant Kott filed his answer to the Complaint;

F. By Opinion and Order dated March 28, 2006, the Court denied the Mamma Defendants’ motion to dismiss;

G. On May 8, 2006, the Mamma Defendants filed their answers to the Complaint;

H. The Settling Defendants deny any wrongdoing whatsoever and this Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any Settling Defendant with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Settling Defendants have asserted. The parties to this Stipulation recognize, however, that the litigation has been filed by Plaintiffs and defended by Settling Defendants in good faith and with adequate basis in fact under Federal Rule of Civil Procedure 11, that the litigation is being voluntarily settled after advice of counsel, and that the terms of the settlement are fair, adequate and reasonable. This Stipulation shall not be construed or deemed to be a concession by any Plaintiff of any infirmity in the claims asserted in the Action;

I. Plaintiffs' Co-Lead Counsel have conducted an investigation relating to the claims and the underlying events and transactions alleged in the Complaint. Plaintiffs' Co-Lead Counsel have analyzed the evidence adduced during their investigation and have researched the applicable law with respect to the claims of Lead Plaintiffs and the Class against the Settling Defendants and the potential defenses thereto;

J. Lead Plaintiffs, by their counsel, have conducted discussions and arm's length negotiations with counsel for Settling Defendants with respect to a compromise and settlement of the Action as against the Settling Defendants with a view to settling the issues in dispute and achieving the best relief possible consistent with the interests of the Class; and

K. Based upon their investigation as set forth above, Plaintiffs' Co-Lead Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable and adequate to Lead Plaintiffs and the Class, and in their best interests, and have agreed to settle the claims

raised in the Action pursuant to the terms and provisions of this Stipulation, after considering (a) the substantial benefits that Lead Plaintiffs and the members of the Class will receive from settlement of the Action as against the Settling Defendants, (b) the attendant risks of litigation, and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation.

NOW THEREFORE, without any admission or concession on the part of Lead Plaintiffs of any lack of merit of the Action whatsoever, and without any admission or concession of any liability or wrongdoing or lack of merit in the defenses whatsoever by Settling Defendants, it is hereby STIPULATED AND AGREED, by and among the parties to this Stipulation, through their respective attorneys, subject to approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, in consideration of the benefits flowing to the parties hereto from the Settlement, that all Settled Claims (as defined below) as against the Released Parties (as defined below) and all Settled Defendants' Claims (as defined below) shall be compromised, settled, released and dismissed with prejudice, upon and subject to the following terms and conditions:

CERTAIN DEFINITIONS

1. As used in this Stipulation, the following terms shall have the following meanings:
 - (a) "Authorized Claimant" means a Class Member who submits a timely and valid Proof of Claim form to the Claims Administrator.
 - (b) "Cash Settlement Amount" means the amount specified in paragraph 4 hereof.
 - (c) "Claims Administrator" means the firm of Analytics Incorporated which shall administer the Settlement.

(d) “Class” means, for the purposes of this Settlement only, all persons who purchased the common stock of Mamma.com, Inc. during the period March 2, 2004 through and including February 16, 2005 and were allegedly damaged thereby, including, but not limited to, those persons who traded in Mamma.com stock on the NASDAQ SmallCap Stock Market and/or the Third Market Segment of the Frankfurt and Berlin stock exchanges in Germany. Excluded from the Class are the Defendants in this action, members of the Individual Defendants’ families, any entity in which any Defendant has a controlling interest or is a parent or subsidiary of or is controlled by Mamma.com, and the officers, directors, affiliates, legal representatives, heirs, predecessors, successors or assigns of any of the Defendants. Also excluded from the Class are any putative Class Members who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in the Notice. “Class Member” means a member of the Class.

(e) “Class Period” means, for the purposes of this Settlement only, the period of time from March 2, 2004 through and including February 16, 2005.

(f) “Defendants” means the Settling Defendants and the Non-Settling Defendant.

(g) “Effective Date” means the date upon which the Settlement contemplated by this Stipulation shall become effective, as set forth in ¶ 25 below.

(h) “Final,” with respect to the Order and Final Judgment, means: (a) if no appeal is filed, the expiration date of the time for filing or noticing of any appeal from the Court’s Judgment approving the Stipulation substantially in the form of Exhibit B hereto, i.e. thirty (30) days after entry of the Judgment; or (b) the date of final dismissal of any appeal from the Judgment, or the final dismissal of any proceeding on certiorari to review the Judgment; or

(c) the date of final affirmance on an appeal of the Judgment, the expiration of the time to file a petition for a writ of certiorari, or the denial of a writ of certiorari to review the Judgment, and, if certiorari is granted, the date of final affirmance of the Judgment following review pursuant to that grant. Any proceeding or order, or any appeal or petition for a writ of certiorari pertaining solely to any plan of allocation and/or application for attorneys' fees, costs or expenses, shall not in any way delay or preclude the Judgment from becoming Final.

(i) "Gross Settlement Fund" means the Cash Settlement Amount plus any income or interest earned thereon.

(j) "Net Settlement Fund" has the meaning defined in paragraph 5 hereof.

(k) "Notice" means the Notice of Pendency of Class Action and Proposed Settlement with Certain Defendants, Motion for Attorneys' Fees and Settlement Fairness Hearing, which is to be sent to members of the Class substantially in the form attached hereto as Exhibit 1 to Exhibit A.

(l) "Officer and Director Defendants" means David Goldman, Guy Fauré, and Daniel Bertrand.

(m) "Order and Final Judgment" means the proposed order to be entered approving the Settlement substantially in the form attached hereto as Exhibit B.

(n) "Order for Notice and Hearing" means the proposed order preliminarily approving the Settlement and directing notice thereof to the Class substantially in the form attached hereto as Exhibit A.

(o) "Plaintiffs' Counsel" means Plaintiffs' Co-Lead Counsel and all other counsel representing Class Member Plaintiffs in the Action.

(p) “Plaintiffs’ Co-Lead Counsel” means the law firms of Milberg Weiss Bershad & Schulman LLP and Cohen, Milstein, Hausfeld & Toll, P.L.L.C..

(q) “Publication Notice” means the summary notice of proposed Settlement and hearing for publication substantially in the form attached as Exhibit 3 to Exhibit A.

(r) “Released Parties” means any and all of the Settling Defendants, their past or present subsidiaries, parents, successors and predecessors, officers, directors, agents, employees, attorneys, advisors, and investment advisors, auditors, accountants, any person, firm, trust, corporation, officer, director or other individual or entity in which any Settling Defendant has a controlling interest or which is related to or affiliated with any of the Settling Defendants, and the legal representatives, heirs, successors in interest or assigns of the Settling Defendants. “Released Parties” does not include Non-Settling Defendant Irving Kott.

(s) “Settled Claims” means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class or individual in nature, including both known claims and Unknown Claims, (i) that have been asserted in this Action by the Class Members or any of them against any of the Released Parties, or (ii) that could have been asserted in any forum by the Class Members or any of them against any of the Released Parties which arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and which relate to the purchase of shares of the common stock of Mamma.com during the Class

Period. “Settled Claims” does not mean or include claims, if any, against the Released Parties arising under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, *et seq.* (“ERISA”) which are not common to all Class Members.

(t) “Settled Defendants’ Claims” means any and all claims, rights or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known claims and Unknown Claims, that have been or could have been asserted in the Action or any forum by the Settling Defendants or any of them or the successors and assigns of any of them against any of the Lead Plaintiffs, Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Action (except for claims to enforce the Settlement).

(u) “Settlement” means the settlement contemplated by this Stipulation.

(v) “Settling Defendants” means the Mamma Defendants: Mamma.com, Inc., David Goldman, Guy Faure, and Daniel Bertrand.

(w) “Settling Defendants’ Counsel” means the law firms of: Kramer Levin Naftalis & Frankel LLP for Settling Defendant Mamma.com; Freeborn & Peters LLP and Baker & Hostetler LLP for Settling Defendant David Goldman, Ropes & Gray LLP for Settling Defendant Guy Fauré, and The Law Offices of David U. Gourevitch, P.C. for Settling Defendant Daniel Bertrand.

(x) “Unknown Claims” means any and all Settled Claims which any Lead Plaintiff or Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any Settled Defendants’ Claims which any Settling Defendant does not know or suspect to exist in his, her or its favor, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to

any and all Settled Claims and Settled Defendants' Claims, the parties stipulate and agree that upon the Effective Date, the Lead Plaintiffs and the Settling Defendants shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

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

Lead Plaintiffs and Settling Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Settled Claims and Settled Defendants' Claims was separately bargained for and was a key element of the Settlement.

SCOPE AND EFFECT OF SETTLEMENT

2. The obligations incurred pursuant to this Stipulation shall be in full and final disposition of the Action as against the Settling Defendants and any and all Settled Claims as against all Released Parties and any and all Settled Defendants' Claims.

3. (a) Upon the Effective Date of this Settlement, Lead Plaintiffs and members of the Class on behalf of themselves, their heirs, executors, administrators, successors and assigns, shall, with respect to each and every Settled Claim, release and forever discharge, and shall forever be enjoined from prosecuting, any Settled Claims against any of the Released Parties.

(b) Upon the Effective Date of this Settlement, each of the Settling Defendants, on behalf of themselves and the Released Parties, shall release and forever discharge

each and every of the Settled Defendants' Claims, and shall forever be enjoined from prosecuting the Settled Defendants' Claims against Lead Plaintiffs, all Class Members and their counsel.

THE SETTLEMENT CONSIDERATION

4. Within five (5) days of entry of an Order for Notice and Hearing, substantially in the form annexed hereto as Exhibit A, Defendants shall pay and/or cause to be paid \$3,150,000 (the "Cash Settlement Amount") into escrow for the benefit of Plaintiffs and the Class. The Cash Settlement Amount and any income or interest earned thereon shall be the "Gross Settlement Fund."

5. (a) The Gross Settlement Fund, net of any Taxes (as defined below) on the income thereof, shall be used to pay (i) the Notice and Administration Costs referred to in paragraph 7 hereof, (ii) the attorneys' fee and expense award referred to in paragraph 8 hereof, and (iii) the remaining administration expenses referred to in paragraph 10 hereof. The balance of the Gross Settlement Fund after the above payments shall be the "Net Settlement Fund." The Net Settlement Fund shall be distributed to the Authorized Claimants as provided in paragraphs 11-13 hereof. Any sums required to be held in escrow hereunder prior to the Effective Date shall be held by the Claims Administrator as Escrow Agent for the Settlement Fund. The Escrow Agent shall act on the joint directions of Plaintiffs' Co-Lead Counsel and in accordance with this Stipulation. All funds held by the Escrow Agent shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned to the persons paying the same pursuant to this Stipulation and/or further order of the Court. The Escrow Agent shall invest any funds in excess of \$100,000 in short term United States Agency or Treasury Securities (or a mutual fund

invested solely in such instruments), and shall collect and reinvest all interest accrued thereon. Any funds held in escrow in an amount of less than \$100,000 may be held in a bank account insured by the FDIC. The parties hereto agree that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that the Escrow Agent, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall be responsible for filing tax returns for the Settlement Fund and paying from the Settlement Fund any Taxes owed with respect to the Settlement Fund. The parties hereto agree that the Settlement fund shall be treated as a Qualified Settlement Fund from the earliest date possible, and agree to any relation-back election required to treat the Settlement Fund as a Qualified Settlement Fund from the earliest date possible. Counsel for Settling Defendants agree to provide promptly to the Escrow Agent the statement described in Treasury Regulation § 1.468B-3(e).

(b) All (i) taxes on the income of the Gross Settlement Fund and (ii) expenses and costs incurred in connection with the taxation of the Gross Settlement Fund (including, without limitation, expenses of tax attorneys and accountants) (collectively “Taxes”) shall be paid out of the Gross Settlement Fund, shall be considered to be a cost of administration of the settlement and shall be timely paid by the Escrow Agent without prior Order of the Court.

ADMINISTRATION

6. The Claims Administrator shall administer the Settlement subject to the jurisdiction of the Court. Except as stated in paragraph 15 hereof, Settling Defendants shall have no responsibility for the administration of the Settlement and shall have no liability to the Class in connection with such administration. Settling Defendants’ Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms,

including providing without charge all information from Mamma.com's transfer records concerning the identity of Class Members and their transactions.

7. Plaintiffs' Co-Lead Counsel may pay from the Settlement Amount, without further approval from the Settling Defendants, the reasonable costs and expenses associated with identifying members of the Class and effecting mailing and publication of notice to the Class, and the administration of the Settlement, including without limitation, the actual costs of publication, printing and mailing the Notice, reimbursements to nominee owners for forwarding notice to their beneficial owners, and the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing notice and processing the submitted claims.

ATTORNEYS' FEES AND EXPENSES

8. Plaintiffs' Co-Lead Counsel will apply to the Court for an award from the Gross Settlement Fund of attorneys' fees and reimbursement of expenses. Such amounts as are awarded by the Court shall be payable from the Gross Settlement Fund to Plaintiffs' Co-Lead Counsel immediately upon award, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the settlement or any part thereof, subject to Plaintiffs' Co-Lead Counsel's obligation to make appropriate refunds or repayments to the Settlement Fund plus accrued interest at the same net rate as is earned by the Gross Settlement Fund, if and when, as a result of any appeal and/or further proceedings on remand, or successful collateral attack, the fee or cost award is reduced or reversed. The application for fees and expenses is considered separate from the application of Settlement and any changes thereto shall not terminate or delay the Settlement. Approval of the fees and expenses is not a condition of approval of the Settlement.

