

SETTLEMENT AGREEMENT, ASSIGNMENT OF RIGHTS, COVENANT NOT TO EXECUTE, AND MUTUAL RELEASES

This Settlement Agreement (“the Agreement”) is entered into as of this 28th day of April 2006. The parties to this agreement are plaintiff Responsive Management Systems, on behalf of itself and all other persons similarly situated, the Settlement Class, and Onvia, Inc. and DemandStar.com, Inc (collectively, “Onvia”).

RECITALS

A. The purpose of the Agreement is to forever settle and resolve all disputes, claims and controversies that were asserted, or could have been asserted, by and between Onvia and the Settlement Class in the lawsuit entitled *Responsive Management Systems v. Onvia, Inc.*, King Country Superior Court Cause No. 05-2-04728-3 SEA (“the Lawsuit”).

B. Onvia, Inc. is a Washington for profit corporation and is comprised of doing business as Onvia, Inc.; Onvia.com, Inc. and DemandStar by Onvia (“Policyholder”).

C. Responsive Management Systems, on its behalf and on behalf of others similarly situated, brought claims for relief against Policyholder in the Lawsuit.

D. The Lawsuit alleges that Policyholder is liable for violation of the Telephone Consumer Protection Act of 1991 (“TCPA”), 47 U.S.C. § 227, the Washington Unsolicited Telefacsimile statute (“Washington Unsolicited Fax Law”), RCW 80.36.540, and the Washington Consumer Protection Act (“WCPA”), RCW 19.86 et seq.

E. St. Paul Fire & Marine Insurance Company, now St. Paul Travelers (“St. Paul”) insured Policyholder under general liability and umbrella insurance policies including but not limited to:

<u>Policy no.</u>	<u>Policy Period</u>
TE 08401082	01/01/01-10/07/02
TE 08401202	10/07/02-03/01/05
TE 08400035	03/01/05-03/01/06

F. The Policyholder submitted a General Liability Notice of Occurrence/Claim to St. Paul on February 24, 2005. St. Paul denied both defense and indemnity in letters dated November 4, 2005 and March 24, 2006.

G. Onvia, Inc.'s 2005 10-K filed with the Securities and Exchange Commission reports that: "We have incurred negative cash flows from operations in each quarter since inception. Under our current operating plan we expect to continue to incur negative cash flows in the future ... We have not yet generated retained earnings from which to pay dividends." That same report shows that Onvia lost approximately \$116 million in 2000, falling to \$4 million in 2004 then rising to \$6.9 million in 2005.

H. After extensive discovery, the parties held a mediation at Judicial Dispute Resolution before the Honorable George Finkle, retired, on April 28, 2006. On or about November 29, 2005, Plaintiff made a demand to the Policyholder to settle all claims for \$12 million, which was believed to be the full applicable policy limits on the Policyholder's primary and excess policies for the period February 28, 2003, to March 1, 2005, that were provided to Plaintiff. Plaintiff estimates its actual damages far in excess of this figure. The Policyholder conveyed the said settlement demand to St. Paul in December 2005. St. Paul refused to provide a defense or indemnity. Accordingly, St. Paul was not advised of the March 3, 2006, settlement

demand letter or the mediation. At the conclusion of the mediation, the parties, through their counsel of record, entered into the following Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the following actions, forbearances and mutual promises of the Parties, the Parties agree as follows:

1. **Recitals.** The foregoing recitals are a part of this Agreement.
2. **Amount of Settlement and Payment.** Subject to the provisions of paragraph 3, the Parties agree to settle the claims between the Policyholder and the Settlement Class for \$17.515 million (“the Settlement Amount”).
3. **Entry of Stipulated Judgment.** Policyholder shall stipulate to a judgment in favor of the Settlement Class in the principal amount of \$17.515 million in the form attached hereto as Exhibit A (“the Stipulated Judgment”). The Parties agree to seek a determination by the King County Superior Court of the reasonableness of this judgment and the Agreement within 30 days of the date of this Agreement. Policyholder agrees to cooperate reasonably with the Settlement Class in requesting that determination. Should the Superior Court disapprove this Agreement, the Agreement shall be null and void. However, the Parties agree to engage in good faith efforts to modify the terms of the Agreement in a manner that addresses the Court’s concerns.
4. **Election to Withdraw.** The Policyholder may elect on or before May 12, 2006 in its sole discretion to withdraw from this Settlement if Premiere Global Services, Inc., does not provide a release acceptable to the Policyholder. Additionally, the Policyholder may elect to

withdraw from this Settlement if the number of eligible Settlement Class Members who request exclusion from the Settlement exceeds 100 class members. If the Policyholder elects to withdraw, the Policyholder will reimburse Plaintiff and Plaintiff's counsel for the expenses (exclusive of attorney's fees) incurred as of the date of that election in delivering notice of this settlement to class members.

5. **Covenant Not to Execute.** The Settlement Class hereby irrevocably covenants and agrees not to execute the Stipulated Judgment against the Policyholder or upon any assets of the Policyholder other than the Assigned Claims as defined below. Policyholder waives all right to appeal the entry of the Stipulated Judgment.

6. **Assignment of Claims.** Policyholder shall assign to the Settlement Class any and all of its rights against St. Paul, including but not limited to contractual and extra-contractual claims, under an Assignment in the form attached hereto as Exhibit B (the "Assigned Claims"). Policyholder acknowledges that by assigning its claims to the Settlement Class it is releasing all interest in the Assigned Claims and any recovery or proceeds that may result from the Assigned Claims. Policyholder further acknowledges that the Settlement Class has the exclusive legal power and right to prosecute, compromise, settle, assign and otherwise control the Assigned Claims, at its sole expense. Policyholder represents that it has done nothing and will in the future do nothing to impair, release, compromise, waive or relinquish the Assigned Claims.

7. **Mutual Releases.** Upon final approval of this Settlement and entry of Judgment dismissing the Action, the Plaintiff and the Class (hereafter the "Plaintiff Releasing Parties") fully, finally, and forever settle, release, relinquish and discharge any and all Released Claims against the Released Parties. The Plaintiff Releasing Parties include the Plaintiff, and the

Settlement Class Members, their spouses and former spouses, as well as the present, former, and future respective heirs, executors, administrators, representatives, agents, partners, successors, predecessors-in-interest, trustees and assigns of Plaintiff, Settlement Class Members and/or their estates.

The Released Parties are Onvia, Inc., Onvia.com, Inc., and DemandStar.com, Inc, including each and all of their direct and indirect parents, subsidiaries, affiliates and related entities, and each and all of their officers, directors, managers, employees, agents (including Premiere Global Services, Inc. and its affiliates), attorneys, vendors, successors, predecessors-in-interest and assigns.

The Released Claims are all claims, causes of action or liabilities that have been or could have been pled in the Lawsuit which any and all Releasing Parties had or may have had as of the date of the filing of the Motion for Preliminary Approval of this Settlement, including without limitation, any claim or liability based upon any violation of any federal or state statute or federal or state regulation, any claim in equity or at common law, whether known or unknown, suspected or unsuspected, threatened or unasserted, actual or contingent, liquidated or unliquidated, that arises from, is related to, is alleged or could have been alleged to arise from or relate to facsimile transmissions advertising Onvia's services of assisting businesses to obtain governmental entity bid opportunities to recipients(collectively, the "Released Claims").

Without limiting the foregoing, the Released Claims specifically extend to claims that the Settlement Class Members and Plaintiff Releasing Parties do not know or suspect to exist in their favor as of the date of Preliminary Approval of this Settlement. In connection with such waiver and relinquishment, Plaintiff, on behalf of themselves individually and in their representative

capacities, and all Settlement Class Members are deemed to acknowledge that they are aware that they may hereafter discover facts in addition to, or different from, those facts which they now know or believe to be true with respect to the subject matter of this Agreement, but that it is their intention to release fully, finally and forever all Released Claims, and in furtherance of such intention, the release of the Released Claims will be and remain in effect notwithstanding the discovery or existence of any such additional or different facts.

Upon final approval of this Settlement and entry of Judgment dismissing the Action, the Released Parties forever release and discharge the Plaintiff Releasing Parties from any and all claims that they have or may hereafter acquire by assignment or operation of law for sanctions, including CR 11 sanctions, attorney fees, expenses or other claims arising out of the Lawsuit of whatsoever kind, nature or description, whether past, present or future, known or unknown.

8. Duty to Cooperate; Confidentiality. Upon final approval of the settlement by the Court, and in connection with any litigation between Plaintiff and the Policyholder's insurance carrier, the Policyholder agrees that it will cooperate in providing documents and evidence in response to reasonable requests. If the parties have any dispute about said requests, they will be resolved by binding arbitration before Hon. George Finkle (Ret.). In any such arbitration, the substantially prevailing party shall be entitled to its reasonable attorney's fees, costs, and expenses, and the non-prevailing party shall pay all arbitration fees. Within 10 days of the date of this Agreement, the Policyholder will provide Plaintiff with all factual information about its communications with the Policyholder's insurers in connection with this lawsuit in the form of a Declaration from Andrew Mun. This declaration shall append copies of all emails and other writings between the Policyholder and its insurer in connection with this lawsuit and shall authenticate these writings. The Policyholder also agrees to make a document custodian

available to provide a declaration to authenticate the Policyholder's business records upon reasonable request, and to cooperate in facilitating depositions noticed by Plaintiff in any litigation between Plaintiff and the Policyholder's insurance carrier.

The parties will cooperate in negotiating and executing such documentation and pleadings as are appropriate and necessary to effectuate the terms of this Settlement. The Parties will work in good faith to complete these documents as soon as practicable. If the parties cannot agree on a term or language in the settlement documents, the parties shall submit any such issue to mediation by Honorable George Finkle (Ret.), Judicial Dispute Resolution, LLC.

9. Governing Law; Attorney's Fees. The Agreement shall be governed by and construed in accordance with the laws of the State of Washington, and any action to enforce or interpret this Agreement shall be brought in the state or federal courts in Seattle, Washington, and all parties consent to the jurisdiction of said courts. In any action to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees, costs, and expenses.

10. Termination of Settlement Agreement. Except as otherwise provided herein, in the event the Settlement is terminated or fails to become effective for any reason, the parties to this Agreement and Settlement Class Members will be returned to their respective positions status quo ante as of April 28, 2006, and, except as otherwise expressly provided, the parties will proceed in all respects as if this Agreement, the Settlement, and any related orders and stipulations had not been made. In this event, all scheduled dates in this actions after the Agreement terminates will be vacated, and the parties will act reasonably to propose new dates and to schedule status conferences with the courts.

11. Entire Agreement; Construction. This Agreement contains the entire agreement between and among the parties with respect to the Settlement, and supersedes any and all prior negotiations and agreements, both oral and written. It may not be modified or amended orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, modification, amendment, extension or discharge is sought. This Agreement will not be construed more strictly against one party than another merely because it may have been prepared by counsel for one of the parties, it being recognized that, because of the arms' length negotiations resulting in the Agreement, all parties hereto have contributed substantially and materially to the preparation of the Agreement, and counsel for all parties have participated in drafting and editing this Agreement.

12. Counterparts; Authority to Execute. This Agreement may be executed in counterparts. Signatures sent via facsimile are valid for all purposes. Each signatory for an entity hereto warrants that he/she has full authority to execute this Agreement on behalf of the entity for whom he/she is signing.

13. No Admission Of Wrongdoing. This Settlement and this Agreement, whether or not consummated, and any proceedings or events that occur pursuant to it:

(i) Will not be offered or received against Policyholder or any Released Party as evidence of, or be construed as or deemed to be evidence of, any admission or concession by Policyholder or any of the Released Parties of the truth or relevance of any fact alleged by Plaintiff, the existence of any class alleged by Plaintiff, the propriety of class certification if the claims were to be litigated rather than settled, or the validity of any claim that has been or could have been asserted in litigation, or the deficiency of any defense that has been or could have been asserted

in litigation, or of any liability, negligence, fault, or wrongdoing of Defendant or any of the Released Parties;

(ii) Will not be offered as or received against any of the Defendant or any Released Party as evidence of, or construed as or deemed to be evidence of, any admission or concession of any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the parties to this Agreement, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Agreement; provided, however, that if this Agreement is approved by the Court, Policyholder may refer to it to effectuate the liability protection granted them hereunder; and further provided that it may be used in an action to enforce this Agreement or an action against Onvia's insurer.

(iii) Will not be construed against Policyholder, the Released Parties, the Plaintiff or the Settlement Class Members as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial.

14. Choice of law. This Agreement is to be construed, enforced and administered in accordance with the laws of the State of Washington without reference to its conflict of laws principles.

15. Competency; Independent Counsel. Each party to this Agreement represents and warrants that he, she or it is competent to enter into the Agreement and in doing so is acting upon his, her or its independent judgment and upon the advice of his, her or its own counsel and not in reliance upon any warranty or representation, express or implied, of any nature or kind by

