

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re FIRST VIRTUAL COMMUNICATIONS, INC. SECURITIES LITIGATION

) Master File No. C-04- 3585 MJJ

) CLASS ACTION

NOTICE OF PENDENCY OF PROPOSED SETTLEMENT OF CLASS ACTION AND SETTLEMENT HEARING

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK (THE "SHARES") OF FIRST VIRTUAL COMMUNICATIONS, INC. ("FIRST VIRTUAL") FROM MARCH 29, 2004 THROUGH AUGUST 23, 2004, INCLUSIVE (THE "SETTLEMENT CLASS")

were sold, when the Shares were sold, and the number of claimants who actually file Proofs of Claim and Releases.

IMPORTANT

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF LITIGATION AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS.

Potential Outcome of the Case: The Parties disagree on both liability and damages and do not agree on the amount of damages per share that would be recoverable if Plaintiff were to have prevailed on each claim alleged. Among other things, the Parties do not agree on (i) whether Defendants made any misrepresentations during the Settlement Class Period; (ii) whether Defendants had knowledge or were reckless with respect to any alleged misrepresentations made during the Settlement Class Period; (iii) whether any of the alleged misrepresentations caused the price of the Shares to be artificially inflated during the Settlement Class Period; (iv) whether any drops in the price of Shares during or after the Settlement Class Period were caused by the alleged misrepresentations; (v) the appropriate economic model for determining the amount of artificial inflation (if any) during the Settlement Class Period; (vi) the effect of various market forces influencing the trading price of the Shares at various times during the Settlement Class Period; and (vii) the extent to which external factors (such as industry conditions) influenced the trading price of the Shares during the Settlement Class Period.

Purpose of Notice and Description of Litigation

The purpose of this Notice is to inform you of a proposed settlement of the Litigation as described below. This Notice describes rights you may have under the proposed settlement and what steps you may take in relation to this Litigation. This Notice is not an expression of any opinion by the Court as to the merits of any of the claims or defenses asserted by any party in this litigation, or the fairness or adequacy of the proposed settlement.

Attorneys' Fees, Costs and Expenses Sought: As compensation for their time and risk in prosecuting the Litigation on a contingent fee basis, Lead Counsel intends to apply to the Court for an award of attorneys' fees in an amount not to exceed thirty-three and one third percent (33 1/3 %) of the Settlement Fund (including interest accruing on the Settlement Fund). Lead Counsel also intends to seek reimbursement of costs and expenses incurred on behalf of the Settlement Class not to exceed \$75,000.00. Lead Counsel also intends to apply for reimbursement of reasonable expenses (including lost wages) directly relating to the Lead Plaintiff's representation of the Settlement Class. If the amounts requested by Lead Counsel for fees, costs and expenses are approved by the Court, the average cost per share for these amounts will be approximately \$1.10.

Notice of Settlement Hearing

Pursuant to Federal Rule of Civil Procedure 23, and the June 19, 2007 Order of the United States District Court, Northern District of California, a hearing will be held on September 18, 2007, at 9:30 a.m., before the Honorable Martin J. Jenkins, Courtroom #11, 19th Floor, 450 Golden Gate Avenue, San Francisco, California 94102 (the "Settlement Hearing") to determine: (1) whether the settlement of the Litigation in the amount of \$1,600,000, plus any accrued interest thereon (the "Settlement") should be approved as fair, reasonable, and adequate to the Settlement Class; (2) whether the proposed Plan of Allocation is fair, reasonable, and adequate; (3) whether the application of Lead Counsel for the Settlement Class ("Lead Counsel") for an award of attorneys' fees, costs and expenses (the "Fee and Expense Award") and for an award to the Lead Plaintiff of the reasonable costs and expenses (including lost wages) incurred by Lead Plaintiff relating to his representation of the Settlement Class (the "Lead Plaintiff's Expense Award") should be approved; and (4) whether claims of the Settlement Class Members against the Defendants should be dismissed on the merits and with prejudice as set forth in the Stipulation of Settlement (the "Settlement Stipulation"), filed with the Court. To share in the distribution of the Settlement Fund, Settlement Class Members must establish their rights and submit the Proof of Claim and Release form accompanying this Notice on or before November 15, 2007. If you desire to be excluded from the Settlement Class or to object to the Settlement, the Fee and Expense Award and/or Lead Plaintiff's Expense Award, you must submit a request for exclusion or file your objection by September 4, 2007.

Identification of Lawyers' Representatives: The following representatives of Lead Counsel are available to answer questions from Settlement Class Members about any matter contained in this Notice: Jeffrey S. Nobel of Schatz Nobel IZard, P.C., 20 Church Street, Suite 1700, Hartford, CT 06103, Tel (860) 493-6292.

Summary of the Settlement

Reasons for Settlement: Lead Counsel believes that the claims asserted in the Litigation have merit and that the information obtained and examined by Lead Counsel supports the claims asserted. However, Lead Counsel recognizes that there are significant risks, uncertainty, and expense in proceeding with the Litigation through trial and any appeals. Lead Counsel is also mindful of the inherent problems of proof under, and possible defenses to, federal securities law claims. Lead Counsel believes that the Settlement confers substantial benefits upon the Settlement Class and each Settlement Class Member. Lead Plaintiff and Lead Counsel have determined that a recovery now will provide an immediate benefit to Settlement Class Members, which is superior to the risk of proceeding with the Litigation. As a result of these considerations, and based upon extensive arms-length settlement negotiations with Defendants' Counsel, Lead Plaintiff and Lead Counsel have determined that the Settlement is in the best interests of the Lead Plaintiff and the Settlement Class and each Settlement Class Member.

Recovery to the Settlement Class: The aggregate amount of the Settlement Fund proposed to be distributed to the Class is \$1,600,000 plus interest earned thereon and less the costs of notice to the Settlement Class, costs of administration of the Settlement Fund, taxes and tax expenses associated with the Settlement Fund, and any amounts awarded by the Court to Lead Counsel for attorneys' fees and reimbursement of costs and expenses, and any amounts awarded by the Court to Lead Plaintiff for expenses. Lead Counsel estimates that the average recovery per damaged share of First Virtual common stock under the Settlement is \$.30 per damaged share before deduction of Court-awarded attorneys' fees and expenses. A Settlement Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by the authorized claimant's claim as compared to the total recognized claims of all Settlement Class Members who submit acceptable Proofs of Claim and Release. Individual Settlement Class Members' actual recoveries under the Settlement will vary, depending upon when the Shares were purchased, the amount they paid for their Shares, the amount of proceeds they received, if any, if the Shares purchased during the Class Period

The Litigation

This is a securities class action (the "Litigation") that is being settled on behalf of all Persons who purchased the common stock of First Virtual Communications, Inc. ("First Virtual") during the Settlement Class Period (the "Settlement Class"). The Defendants are Jonathan Morgan and Truman Cole, former officers of First Virtual. Excluded from the Settlement Class are the Defendants, members of Defendants' immediate families, any entity in which any Defendant has a controlling interest, and the legal representatives, heirs, successors or assigns of any such excluded person.

The Litigation was commenced in August 2004 as a class action under Rule 23 of the Federal Rules of Civil Procedure in the United States District Court, Northern District of California. By an Order dated January 25, 2005, the Court appointed Garry Crabtree as Lead Plaintiff and approved Lead Plaintiff's selection of Schatz & Nobel, P.C. (now Schatz Nobel Izard, P.C.) as Lead Counsel. On April 29, 2005, Lead Plaintiff filed a Consolidated Amended Class Action Complaint (the "Complaint"). The Complaint asserted claims against Defendants for alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. On or about January 6, 2005, First Virtual ceased conducting business, and on January 20, 2005, First Virtual filed for bankruptcy protection pursuant to the United States Bankruptcy Code. As a result of First Virtual's bankruptcy filing, Plaintiff's claims against First Virtual were extinguished.

Defendants have denied and continue to deny each and all of the claims and contentions alleged in the Litigation, as well as all charges of wrongdoing and liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. Defendants further deny Lead Plaintiff's allegations that Lead Plaintiff sustained (or is entitled to recover) damages in any amount. The Parties agree that this Settlement Stipulation shall not be construed or deemed to be evidence of or an admission or concession on the part of any Defendant or Lead Plaintiff with respect to any claims, potential claims or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Defendants have asserted or intended to assert in the Litigation. Although Defendants deny any liability or wrongdoing, Defendants have chosen to settle and compromise the Litigation to avoid further substantial expense and the inconvenience and distraction of protracted and burdensome litigation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in a complex case like the Litigation. Defendants have, therefore, determined that it is desirable and beneficial that the Litigation be settled in the manner and upon the terms and conditions set forth in this Settlement Stipulation.

The Proposed Settlement

Prior to the execution of the Settlement Stipulation, the parties had vigorously litigated Plaintiff's claims. On July 1, 2005, Defendants filed their Motion to Dismiss the Complaint and a Memorandum of Points and Authorities in Support Thereof. On August 17, 2005, Plaintiff filed a Memorandum of Law in Opposition to Defendants' Motion to Dismiss the Complaint. On September 19, 2005, Defendants filed their Reply Memorandum of Points and Authorities in Further Support of Their Motion to Dismiss the Complaint. On September 28, 2005, Plaintiff filed its Sur-Reply Memorandum of Points and Authorities in Opposition to Defendants' Motion to Dismiss the Complaint. The Parties thereafter continued to provide the Court with supplemental authority in support of their respective positions. The Court has not yet ruled on Defendants' Motion to Dismiss the Complaint.

The Settlement was the result of arms-length settlement negotiations. While Defendants' motion to dismiss the Complaint was pending, counsel for the parties conferred and agreed to explore the possibility of settlement through mediation. On February 28, 2007, the parties participated in a full-day mediation session before the Honorable Daniel Weinstein (Ret.) in San Francisco, California, during which factual and legal presentations were made by counsel concerning, *inter alia*, the merits of the factual and legal claims asserted in the Litigation and size of potential damages to the Settlement Class, if any. At the conclusion of the mediation session with Judge Weinstein, the Parties agreed in principle upon the terms of the Settlement. On April 24, 2007, counsel for the parties executed the written Settlement Stipulation, and on June 19, 2007, the Court, *inter alia*, certified a class for settlement purposes only, as defined above, and preliminarily approved the fairness, reasonableness and adequacy of the Settlement.

Prior to the execution of the Settlement Stipulation, Lead Counsel conducted extensive informal discovery and investigation in connection with the claims and allegations asserted in the Litigation, including, *inter alia*, (i) interviews with sixteen former employees of First Virtual, (ii) review and analysis of internal First Virtual documents produced by counsel for the Defendants concerning the factual allegations in the Complaint, (iii) review and analysis of documents obtained pursuant to document requests under the Freedom of Information Act, (iv) review and analysis of First Virtual's press releases and public filings with the Securities and Exchange Commission and the United States Bankruptcy Court, and Defendants' published interviews with financial news organizations, (v) research of the applicable law with respect to the claims asserted in the Litigation and the potential defenses thereto and

(vi) consultation with an expert concerning the potential damages that may have been suffered by Plaintiff and the Settlement Class.

Under the terms of the Settlement Stipulation, Defendants and their insurers have agreed to cause payment of \$1,600,000 in cash to create a Settlement Fund. After payment of (i) the costs of notice, and the costs of administering and distributing the Settlement Fund, including any taxes payable or tax expenses and (ii) the attorneys' fees and reimbursement of expenses awarded by the Court, and any expenses awarded by the Court to Lead Plaintiff, the balance of the Settlement Fund, together with any interest earned thereon (the "Net Settlement Fund"), shall be distributed as set forth herein.

Under the terms of the Settlement Stipulation, you will release all "Released Claims" (as defined below) against the "Released Persons" (as defined below).

"Released Claims" means all claims, known or unknown (including "Unknown Claims"), demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, whether in contract, tort, equity or otherwise, whether or not concealed or hidden, asserted or that might have been asserted in this or any other forum or proceeding, including, without limitation, claims for negligence, gross negligence, indemnification, breach of duty of care and/or breach of duty of loyalty, fraud, misrepresentation, breach of fiduciary duty, negligent misrepresentation, unfair competition, insider trading, professional negligence, mismanagement, corporate waste, breach of contract, or violations of any state or federal statutes, rules or regulations, by or on behalf of Lead Plaintiff, the Settlement Class, or any Settlement Class Member against the Released Persons which are based upon or related to the purchase of First Virtual common stock by any Settlement Class Member during the Settlement Class Period and the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act which were or could have been alleged in the Litigation, or any other forum.

"Unknown Claims" means any Released Claim which the Lead Plaintiff or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date, the Lead Plaintiff shall expressly and each Settlement Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights and benefits of California Civil Code §1542, which provides:

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.

The Lead Plaintiff shall expressly waive, and each Settlement Class Member shall be deemed to have, 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 any foreign country or jurisdiction, or principle of common law, which are similar, comparable or equivalent to California Civil Code §1542. The Lead Plaintiff and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Lead Plaintiff acknowledges, and the Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

"Released Persons" means each of the Defendants and all of each Defendant's past, present, and future employers, affiliated or parent companies, subsidiaries, predecessors and successors, any entity in which

a Defendant and/or any member(s) of any Defendant's immediate family has or have a controlling interest, agents, accountants, auditors, banks, investment banks or investment bankers, advisors, analysts, personal or legal representatives, insurers, co-insurers, reinsurers, attorneys, spouses, associates, successors, assigns, creditors, administrators, heirs, joint ventures, legal representatives, any members of their immediate families, or any trust of which any Defendant is the trustee or settlor or which is for the benefit of any Defendant and/or member(s) of his family. "Released Persons" shall also include, for each entity identified in the previous sentence, all of such entities past or present directors, officers, employees, partners, principals, agents, underwriters, insurers, co-insurers, reinsurers, controlling shareholders, any entity in which such entity has or have a controlling interest, attorneys, accountants, auditors, banks, investment banks or investment bankers, advisors, analysts, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, associates, and related or affiliated entities.

Participation in the Class

If you are one of the Persons falling within the definition of the Settlement Class (a "Settlement Class Member"), you will remain a Settlement Class Member unless you elect to be excluded from the Settlement Class by the procedure described below. All Settlement Class Members who do not request to be excluded from the settlement will be bound by any judgment entered in the Litigation pursuant to the Settlement Stipulation, whether or not that Person files a Proof of Claim and Release and whether or not that Person receives a distribution from the Net Settlement Fund. If you wish to remain a Settlement Class Member, you need do nothing (other than timely file a Proof of Claim and Release in order to participate in the distribution of the Net Settlement Fund) and your rights will be represented by Lead Counsel. If you wish, you may enter a legal appearance individually or through your own counsel at your own expense.

TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY AND VALIDLY COMPLETE AND RETURN THE PROOF OF CLAIM AND RELEASE FORM THAT ACCOMPANIES THIS NOTICE. The Proof of Claim and Release ("Proof of Claim and Release") must be postmarked and delivered to the Claims Administrator at the address below on or before November 15, 2007. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim and Release, you will be forever barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the Settlement and the Judgment. If you do submit a valid and timely Proof of Claim and Release, and you are a Settlement Class Member, you will be eligible to share in the Net Settlement Fund.

Plan of Allocation

The Net Settlement Fund shall be distributed pursuant to the calculation of "Recognized Loss" set forth in the Plan of Allocation described below. Only Settlement Class Members who submit a valid, timely Proof of Claim and Release ("Authorized Claimants") and who have a Recognized Loss under the Plan of Allocation will receive a distribution from the Net Settlement Fund.

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's entire Recognized Loss. However, if the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage that each Authorized Claimant's Claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

However, if the Authorized Claimant made a profit on a sale of First Virtual common stock purchased during the Settlement Class Period (*i.e.*, the sales price per share of First Virtual common stock was higher than the purchase price per share of First Virtual common stock), then the Recognized Loss for those shares of common stock shall be zero, and any such profits will be offset against the Recognized Loss, if any, from any other Settlement Class Period purchases of First Virtual common stock.

For purposes of calculating an Authorized Claimant's Recognized Loss, Settlement Class Period sales of First Virtual common stock will be matched against and offset the most recent prior Settlement Class Period purchases of First Virtual common stock on a first-in, first-out ("FIFO") basis.

The amount of an Authorized Claimant's Recognized Loss shall be determined as follows:

(a) For each share of First Virtual common stock *purchased between March 29, 2004 and April 5, 2004, inclusive* and

(i) sold on or before April 29, 2004, the Recognized Loss per share is \$0.

(ii) sold between April 30, 2004 and May 19, 2004, inclusive, for a loss, the Recognized Loss per share shall be the lesser of (1) the difference between the purchase price and the sales price, or (2) \$.95.

(iii) sold between May 20, 2004 and August 16, 2004, inclusive, for a loss, the Recognized Loss per share shall be the lesser of (1) the difference between the purchase price and the sales price, or (2) \$1.17.

(iv) sold between August 17, 2004 and August 23, 2004, inclusive, for a loss, the Recognized Loss per share shall be the lesser of (1) the difference between the purchase price and the sales price, or (2) \$1.34.

(v) not sold as of the close of trading on August 23, 2004, the Recognized Loss per share shall be the lesser of (1) the difference between the purchase price and \$.37 or (2) \$1.67.

(b) For shares of First Virtual common stock *purchased between April 6, 2004 and April 29, 2004, inclusive* and

(i) sold on or before April 29, 2004, the Recognized Loss per share is \$0.

(ii) sold between April 30, 2004 and May 19, 2004, inclusive, for a loss, the Recognized Loss per share shall be the difference between the purchase price and the sales price.

(iii) sold between May 20, 2004 and August 16, 2004, inclusive, for a loss, the Recognized Loss per share shall be the difference between the purchase price and the sales price.

(iv) sold between August 17, 2004 and August 23, 2004, inclusive, for a loss, the Recognized Loss per share shall be the difference between the purchase price and the sales price.

(v) not sold as of the close of trading on August 23, 2004, the Recognized Loss per share shall be the difference between the purchase price and \$.37.

(c) For shares of First Virtual common stock *purchased between April 30, 2004 and May 19, 2004, inclusive*, and

(i) sold on or before May 19, 2004, the Recognized Loss per share is \$0.

(ii) sold between May 20, 2004 and August 16, 2004, inclusive, for a loss, the Recognized Loss per share shall be the lesser of (1) the difference between the purchase price and the sales price, or (2) \$.22.

(iii) sold between August 17, 2004 and August 23, 2004, inclusive, for a loss, the Recognized Loss per share shall be the lesser of (1) the difference between the purchase price and the sales price, or (2) \$.39.

(iv) not sold as of the close of trading on August 23, 2004, the Recognized Loss per share shall be the lesser of (1) the difference between the purchase price and \$.37 or (2) \$.72.

(d) For shares of First Virtual common stock *purchased between May 20, 2004 and August 16, 2004, inclusive*, and

(i) sold on or before August 16, 2004, the Recognized Loss per share is \$0.

(ii) sold between August 17, 2004 and August 23, 2004, inclusive, for a loss, the Recognized Loss per share shall be the lesser of (1) the difference between the purchase price and the sales price, or (2) \$.17.

(iii) not sold as of the close of trading on August 23, 2004, the Recognized Loss per share shall be the lesser of (1) the difference between the purchase price and \$37 or (2) \$50.

(e) For shares of First Virtual common stock *purchased between August 17, 2004 and August 23, 2004, inclusive*, and

(i) sold on or before August 23, 2004, the Recognized Loss per share is \$0.

(ii) not sold as of the close of trading on August 23, 2004, the Recognized Loss per share shall be the lesser of (1) the difference between the purchase price and \$37 or (2) \$33.

The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Settlement Class member on equitable grounds.

Exclusion from the Class

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue Defendants or the Released Persons, you may, if you so desire, request to be excluded from the Settlement Class. Defendants may withdraw from and terminate the Settlement if putative Settlement Class Members who purchased in excess of a certain amount of First Virtual common stock exclude themselves from the Settlement Class.

To exclude yourself from the Settlement Class, you must mail a written request to:

First Virtual Communications, Inc. Securities Litigation
Claims Administrator
c/o FRG Information Systems Corp.
P.O. box 460, Peck Slip Station
New York, NY 10272

The request for exclusion must state: (1) your name, address, and telephone number; (2) the name and address of the Person (or nominee) in whose name the First Virtual common stock were registered; (3) your purchases and sales of First Virtual common stock made during the Settlement Class Period, including the dates, amounts of securities and price for each such purchase or sale; and (4) that you wish to be excluded from the Settlement Class. Your exclusion request must be postmarked on or before September 4, 2007. All Persons who submit valid and timely requests for exclusion in the manner set forth in this paragraph shall have no rights under the Settlement Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Settlement Stipulation or the Judgment.

All Persons falling within the definition of the Settlement Class who do not request exclusion in the manner set forth in this paragraph shall be members of the Settlement Class and shall be bound by the Settlement Stipulation and Judgment, whether or not they submit valid Proofs of Claim and Release or receive any distribution from the Net Settlement Fund.

Dismissal and Releases

If the proposed Settlement is approved, the Court will enter a Judgment (the "Judgment"), dismissing all Released Claims against the Released Persons (as defined above and in the Proof of Claim and Release which accompanies this Notice), and Settlement Class Members may not thereafter assert any of such claims against the Released Persons. The Judgment will provide that the fact of the Settlement or the terms thereof may not be used against Released Persons in any action or proceeding, except to enforce the Judgment.

The Judgment will also provide that all Settlement Class Members who do not validly and timely request to be excluded from the Settlement Class shall be deemed to have released and forever discharged all Released Claims against all Released Persons.

Conditions for Settlement

The Settlement is conditioned upon, among other things: (1) entry of the Judgment by the Court as provided for in the Settlement Stipulation, and (2) expiration of the time to appeal from the Judgment. If any one of the conditions described in the Settlement Stipulation is not met, the Settlement Stipulation might be terminated and, if terminated, will become null and void, and shall not prejudice the rights, claims, defenses or positions of any Party thereto.

The Right to Be Heard at the Hearing

If you are a Settlement Class Member who has not validly and timely requested to be excluded from the Settlement Class you may object to any aspect of the Settlement (including the Plan of Allocation, the Fee and Expense Application, or the Lead Plaintiff's Expense Application). To object, you must send a signed letter saying that you are a Settlement Class Member in the First Virtual Communications, Inc. Securities Litigation, that you object to the Settlement, and the reasons why you object. In your objection, you must include your name, address, telephone number, and signature. You must also include your purchase(s) and sale(s) of First Virtual common stock during the Settlement Class Period, including the number of shares and the dates of each purchase and sale. Your objection must be filed with the Court and served on all of the following no later than September 4, 2007:

Clerk of the United States District Court
Northern District of California
450 Golden Gate Avenue, 16th Floor
San Francisco, California 94102

Jeffrey S. Nobel
SCHATZ NOBEL IZARD P.C.
20 Church Street, Suite 1700
Hartford, CT 06103

Bruce G. Vanyo
Richard H. Zelichov
Katten Muchin Rosenman LLP
2029 Century Park East, Suite 2600
Los Angeles, CA 90067

The notice of objection must demonstrate the objecting Person's membership in the Settlement Class, and contain a statement of the reasons for objection. Only members of the Settlement Class who have properly submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

Examination of Papers

This Notice is a summary notice and does not describe all of the details of the Settlement Stipulation. For full details of the matters discussed in this Notice, you may desire to review the Settlement Stipulation filed with the Court, which may be inspected at the office of the Clerk of the United States District Court, Northern District of California, San Francisco Division, 450 Golden Gate Avenue, 16th Floor, San Francisco, California 94102, during business hours. If you have any questions about the settlement of the Litigation, you may contact Lead Counsel or your own personal attorney.

INQUIRIES SHOULD NOT BE DIRECTED TO THE COURT OR TO THE CLERK OF THE COURT OR TO THE DEFENDANTS

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES:

If you purchased any publicly-traded common stock of First Virtual during the Settlement Class Period as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim and Release by first class mail to all such Persons, or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

First Virtual Communications, Inc. Securities Litigation
Claims Administrator
c/o FRG Information Systems Corp.
P.O. Box 460, Peck Slip Station
New York, NY 10272

If you choose to mail the Notice and Proof of Claim and Release yourself, you may obtain (without cost to you) as many additional copies of these documents as you will need to complete the mailing from the Claims Administrator.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred in connection with forwarding the Notice and Proof of Claim and Release, and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim and Release.

Dated: July 18, 2007

By Order of the United States District Court,
Northern District of California