

**OFFICIAL NOTICE OF LITIGATION
AND CLASS ACTION SETTLEMENT**

**IN THE CIRCUIT COURT OF SHELBY COUNTY, TENNESSEE FOR THE
THIRTIETH JUDICIAL DISTRICT AT MEMPHIS**

IN RE: HILL VS. STORESONLINE,
et al. }

Case No. CT-004653-09 DIV VII

TO: ALL PURCHASERS OF PRODUCTS AND SERVICES FROM STORESONLINE, INC., STORESONLINE.COM, GALAXY MALL OR IMERGENT, INC. (COLLECTIVELY "STORESONLINE") DURING THE TIME PERIOD FROM JANUARY 1, 2005 THROUGH DECEMBER 31, 2008.

THIS NOTICE EXPLAINS THE PROPOSED CLASS ACTION SETTLEMENT OF THIS LITIGATION, CLASS ACTION DETERMINATION, MONETARY PAYMENTS TO QUALIFIED SETTLEMENT CLASS MEMBERS AND PLAINTIFF'S COUNSELS' REQUEST FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES AND OTHER MATTERS.

PLEASE READ THIS NOTICE CAREFULLY.

THIS NOTICE ANSWERS THESE IMPORTANT QUESTIONS:

1. Why should I read this notice?
2. What is the case about?
3. Who is in the settlement class?
4. What are the terms of the proposed Storesonline Settlement?
5. What will I receive in the proposed Storesonline Settlement?
6. What must I do to claim my portion of the Storesonline settlement?
7. Plaintiff's Counsels' Request for Attorneys' fees and expenses and service award to the Lead Plaintiff.
8. What are my rights in the legal process for reviewing the proposed Storesonline Settlement request for attorneys' fees and expenses and for the service award to the Lead Plaintiff?
9. How do I exclude myself from the Storesonline settlement?
10. Whom do I contact if I have questions about the Storesonline Settlement or the Proof of Claim form?
11. What are the important dates and deadlines for the Storesonline Settlement?

1. Why should I read this notice?

If you purchased any product or service from Storesonline during the period from January 1, 2005, through December 31, 2008, (see Question 3, "Who is in the Settlement Class?" below) your rights may be affected by this class action settlements reached in litigation pending in the Circuit Court of Shelby County, Tennessee for the Thirtieth Judicial District at Memphis called *In re: Hill v. StoresOnLine, Inc., Case No. CT-004653-09 DIV VII*.

The purpose of this Notice is to inform you of (1) the Settlement and the proceedings related to it, and (2) your right to be excluded from the Settlement Class. This notice provides essential information concerning the Storesonline Settlement and potential rights regarding it.

2. What is the case about?

This lawsuit, which was commenced initially as a class action arbitration in 2008, charges Storesonline's computer products and services are defective and carried with them certain misrepresentations which were sold to customers during the period from January 1, 2005 to December 31, 2008. The lead plaintiff is Lyle Hill ("Lead Plaintiff").

The defendants are Storesonline, Inc., Storesonline.com, iMergent, Inc. and Galaxy Mall (collectively "Storesonline").

Lead Plaintiff has now reached a settlement agreement with all defendants on his own behalf and on behalf of the Settlement Class. This proposed settlement, referred to hereafter together as the "Settlement," has been preliminarily approved by the Honorable Judge Karen R. Williams of The Circuit Court of Shelby County, Tennessee for the Thirtieth Judicial District at Memphis. This Notice explains how the proposed Storesonline Settlement may affect you and informs you of the decisions you need to consider at this time in connection with the Settlement.

All defendants, including Storesonline, deny all of the material allegations of Lead Plaintiff's Complaint. The Judge has also conditionally certified a Settlement Class in this action. However, the Judge has not taken any position on the merits of the lawsuit, and the Judge's decision to certify a class for purposes of the Settlement should not be interpreted as any indication of whether Plaintiff Hill would have prevailed in a trial of this lawsuit if this lawsuit had not been settled.

3. Who is in the Settlement Class?

The Judge has defined the settlement class ("Settlement Class") as follows:

All persons who purchased any product or service from Defendants from January 1, 2005 to December 31, 2008. The Settlement Class excludes Defendants and their officers, directors, agents or employees.

If you meet this definition you are a member of the Settlement Class unless you elect to exclude yourself. See Question 9, "How do I exclude myself from the Settlement and the Settlement Class?" below.

4. What are the terms of the proposed Storesonline Settlement?

The Storesonline Settlement pertains only to the claims made by Lead Plaintiff against Storesonline. **The Storesonline Settlement will not take effect unless it is approved by the Judge.** Storesonline has agreed to pay up to \$7,629,500.00 in cash and credits to settle the claims in this lawsuit.

5. What will I receive in the proposed Storesonline Settlement?

If you are a member of the Settlement Class you are entitled to receive a payment or credit based on the following sliding scale provided that you file a valid Proof of Claim:

- Claimants that can document that they spent at least 37 hours (which must include at least 12 hours with customer service, either on chat, email, or dial in) or more online trying to use Respondents' product and were completely unable to do so will be eligible to receive a cash refund of \$1,254.00.
- Claimants that can document that they spent at least 23 hours (which must include at least 8 hours with customer service, either on chat, email, or dial in) or more online trying to use Respondents' product and were completely unable to do so will be eligible to receive a cash refund of \$500.00.
- Claimants that can document that they spent at least 10 to 15 hours trying to use Respondents' product and actually activated a website will be eligible to receive a credit of \$390.00 that shall be used as payment to Respondents for Respondents to build not more than 2 websites for the Claimant.
- Claimants that can document that they spent 10 hours or less hours trying to use Respondents' product and activated a website will be eligible to receive a credit of \$300.00 that shall be used as payment to Respondents for Respondents to build not more than 2 websites for the Claimant. This credit to Claimant will offset \$150.00 per website of the cost of building each new website.
- Claimants that can document that they spent at least 37 hours (but cannot demonstrate 12 of those hours was with customer service) trying to use Respondents' product will be eligible to receive a credit of \$390.00 that shall be used as payment to Respondents for Respondents to build not more than 2 websites for the Claimant.
- Claimants that can document that they spent at least 23 hours (but cannot demonstrate 8 of those hours was with customer service) trying to use Respondents' product will be eligible to receive a credit of \$195.00 that shall be used as payment to Respondents for Respondents to build not more than 1 website for the Claimant.

- Claimants that can document that they spent at least 10 to 15 hours trying to use Respondents' product and did not activate a website will be eligible to receive a credit of \$195.00 that shall be used as payment to Respondents for Respondents to build not more than 1 website for the Claimant.

- Claimants that can document that they spent 10 or less hours trying to use Respondents' product and did not activate a website will be eligible to receive a credit of \$100.00 that shall be used as payment to Respondents for Respondents to build not more than 2 websites for the Claimant. This credit will offset \$50.00 per website of the cost of building each new website.

The amount of attorneys' fees and expenses are subject to approval by the Judge. Class Counsel, at the Hearing on Final Approval of the Settlements on January 13, 2010, will seek an award of \$550,000.00, as well as an order to distribute the Settlement Fund. You must submit this information in a valid Proof of Claim form.

6. What must I do to claim my portion of the Storesonline Settlement?

In order to receive the benefits of the Storesonline Settlement, you must complete, sign, and submit a Proof of Claim form. A copy of the form is attached to this Notice or you can obtain one by sending a written email request to: claimsresponse@storesonline.com. **The completed Proof of Claim form must be postmarked or received no later than November 30, 2009.** The address to which it must be emailed or mailed is shown on the form.

If the Settlement is approved by the Judge, it releases Storesonline from all claims alleged by Claimant on behalf of the Settlement Class including all claims arising out of or resulting from conduct concerning the selling, marketing, or distributing of Storesonline computer software products and services and which arise under any federal or state unfair practices law, breach of contract or breach of warranty.

7. Attorneys' Fees, Expenses and Service Payment to the Lead Plaintiff

You will not be individually responsible for payment of attorneys' fees and litigation costs and expenses, or any service payment to the class plaintiff in connection with the litigation. Any such fees, reimbursement of litigation costs and expenses, and service award will be paid, pursuant to Judicial approval, by Storesonline and not out of the Settlement Fund.

Plaintiff's Counsel will request an attorneys' fee and expenses award of \$550,000.00. Plaintiff's Counsel also intends to seek approval of payment of a service award in the amount of \$10,000.00 to Lead Plaintiff to partially compensate him for assuming the representative role in this litigation.

Plaintiff's Counsel will file a motion for attorneys' fees and expenses and a motion for payment of the service award to the Lead Plaintiff. If you wish to object to the motion for attorneys' fees and expenses or the motion for payment of the service award, you must do so in accordance with the procedures set forth in Question 8 below. If you do not oppose the motions, you do not need to take any action.

8. What are my rights in the court process for reviewing the Settlement and the request for attorneys' fees and expenses and service award for the lead plaintiff?

The Settlement will only take effect if the Judge, after reviewing the Settlement Agreement and the court papers in support of and any in opposition to the Settlement, determines that they are fair and reasonable to you and the other members of the Settlement Class. You may review these documents, which are on file in the Circuit Court of Shelby County, Tennessee for the Thirtieth Judicial District of Memphis, and you may receive more detailed information regarding the Settlements by contacting Plaintiff's Counsel during normal business hours at the address and telephone number provided below.

The Judge will hold a hearing to determine whether the Storesonline Settlement is fair and reasonable (the "Settlement Hearing"), and whether to award attorneys' fees and reimburse litigation costs and expenses and whether to pay the Lead Plaintiff's service award. The Settlement Hearing will be held in the Courtroom of the Honorable Karen Williams at 10:00 a.m. on January 13, 2010 in the Circuit Court of Shelby County, Tennessee for the Thirtieth Judicial District at Memphis. You may appear at this hearing (either personally or through an attorney you retain) and be heard in support of, or in opposition to, the fairness, reasonableness, or adequacy of the proposed Storesonline Settlement or the request for attorneys' fees and expenses and service award.

You (or your attorney) will not be heard at the Settlement Hearing, and no paper, brief, or evidence will be received or considered by the Judge in opposition to the Storesonline Settlement, unless you file papers with the Judge not later than December 3, 2009. Those papers must include a written notice of your intention to oppose, together with a statement of the position you intend to assert and reasons for your position, as well as any other papers, briefs, and evidence you wish the Judge to consider in connection with its review and possible approval of the Storesonline Settlement.

In addition to filing such papers with the Judge, you must serve copies on the following counsel for Plaintiff and Storesonline:

J. Mitchell Clark, Esq
Law Office of J. Mitchell Clark
P.O. Box 2701
Corpus Christi, TX 78403

Christopher L. Brown, Esq.
Law Offices of Christopher L. Brown
7518 Enterprise, Ave.
Germantown, TN 38138

B.J. Wade
Glassman, Edwards, Wade & Wyatt, P.C.
26 N. Second Street
Memphis, TN 381033

Steven S. Kaufhold
Akin Gump Strauss Hauer & Feld, LLP
580 California St., Suite 1500
San Francisco, CA 94104
(Counsel for Storesonline)

If you do not oppose the Settlements or the attorneys' fee and expense reimbursement request or the request for service award, you do not need to appear at the Settlement Hearing or take any other action to indicate your position on them. You should, however, submit the Proof of Claim form, if you have not already done so, to participate in the benefits of the Storesonline Settlement if they are approved by the Judge.

9. How do I exclude myself from the Settlement and the Settlement Class?

If you wish to be excluded from the Settlement Class and from participating in the Storesonline Settlement, you must submit a Request to be Excluded postmarked or received no later than December 3, 2009. You may send your Request to be Excluded to any of the attorneys listed below. If you exclude yourself from the Settlement Class, you will not be entitled to participate in the settlement proceeds, and you will not be bound by any judgments rendered for or against the Settlement Class and will remain free to pursue any legal remedies you might have, at your own expense, against Storesonline.

If you do not request exclusion, your interests will be represented by Plaintiff's Counsel for the Settlement Class. These attorneys are:

J. Mitchell Clark, Esq.
Law Office of J. Mitchell Clark
P.O. Box 2701
Corpus Christi, TX 78403

Christopher L. Brown, Esq.
Law Offices of Christopher L. Brown
7518 Enterprise, Ave.
Germantown, TN 38138

B.J. Wade
Glassman, Edwards, Wade & Wyatt, P.C.
26 N. Second Street
Memphis, TN 381033

In that event, you will not be individually responsible for the payment of any attorneys' fees or litigation costs or expenses. However, if you so desire, you may enter an appearance through counsel of your own choice at your own expense. If you do not request exclusion, you will be bound by any judgment rendered in the case.

10. Whom do I contact if I have questions about the Settlement or Proof of Claim form?

If you have questions concerning the proposed Settlement or Proof of Claim form, you may direct them either to your own attorney or advisor or to Plaintiff's Counsel at the address or telephone number listed in Question 8 above. **Please do not contact the Judge or the Court.**

11. What are the important dates and deadlines for the Settlement?

The following are pertinent deadlines and other dates to keep in mind for the Settlement:

Requests to be excluded from the Storesonline Settlement postmarked or received	12-3-2009
Papers supporting the Settlement and Plaintiff's Counsel's motion for distribution of the Settlement Fund and for an award of attorneys' fees and expenses to be filed and served	1-6-2010
Any objections to the Settlement or Plaintiff's Counsel's motion for distribution of the Settlement Fund and for an award of attorneys' fees and expenses and service payment for the Lead Plaintiff to be filed and served	12-3-2009
Hearing on Final Approval of the Settlement and Plaintiff's Counsel's motion for distribution of the Settlement Fund and for an award of attorneys' fees and expenses and service payment for the Lead Plaintiff	1-13-2010
Proof of Claim form to be postmarked, emailed or received (if you have not already submitted one)	11-30-2009

The foregoing is only a summary of the matters described. For more detailed information you may, during normal business hours, either contact Plaintiff's Counsel or inspect papers on file in the clerk's office of the Circuit Court of Shelby County, Tennessee for the Thirtieth Judicial District at Memphis.

Dated: October 16, 2009