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8 Attorneys for the Special Committee
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9 Systems, Inc.

10
11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN JOSE DIVISION

14 In re BLUE COAT SYSTEMS, INC.
15 DERIVATIVE LITIGATION

MASTER FILE NO.: C-06-4809-JF (RS)
[Consolidated with C-06-5453]

16 STIPULATION AND ~~PROPOSED~~
17 ORDER EXTENDING DATE FOR CASE
MANAGEMENT CONFERENCE

18 This Document Relates To:

19 ALL ACTIONS.

20 Current CMC Date: July 16, 2010
Proposed CMC Date: August 13, 2010
Before: Hon. Jeremy Fogel

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STIP AND ~~PROPOSED~~ ORDER
EXTENDING DATE FOR CMC

MASTER FILE NO.: C-06-4809-JF (RS)
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1 WHEREAS, Plaintiffs in this Consolidated Action filed a Verified Amended
2 Consolidated Shareholder Derivative Complaint (“Consolidated Complaint”) on November 30,
3 2007;

4 WHEREAS, on February 1, 2008, Nominal Defendant Blue Coat Systems, Inc.
5 (“Blue Coat”) and Defendant Ernst & Young LLP (“EY”) filed motions to dismiss this case on the
6 ground that a demand upon Blue Coat’s board of directors (the “Board”) to assert claims against
7 the individual Defendants and Defendant EY would not have been futile (the “Demand Futility
8 Motions”);

9 WHEREAS, on February 1, 2008, the individual Defendants and EY filed motions
10 to dismiss the Consolidated Complaint on the grounds that it failed to state a claim for relief
11 against them;

12 WHEREAS, on February 1, 2008, Defendants Blue Coat and EY filed motions to
13 stay the case and/or to compel mediation and, if necessary, arbitration;

14 WHEREAS, Plaintiffs decided not to oppose these motions but to instead make a
15 demand on Blue Coat’s Board;

16 WHEREAS, the Parties agreed to, and the Court ordered, a stay of the action to
17 permit Plaintiffs to make their demand upon Blue Coat’s Board and to allow the Board to consider
18 such demand;

19 WHEREAS, in response to Plaintiffs’ demand, the Board formed a special
20 committee, composed of directors James Tolonen and Keith Geeslin, which according to the Form
21 10-Q filed by Blue Coat on December 9, 2008, was granted plenary authority to decide whether it
22 is in the best interests of the Company and its shareholders to pursue or otherwise resolve the
23 claims raised in the demand letter and in the federal and state derivative actions and any other
24 claims of the Company that the special committee deems necessary or appropriate to consider
25 concerning its historical stock option practices;

26 WHEREAS, the special committee represents that it has been actively engaged in
27 an investigation of Plaintiffs’ demand and has been working diligently on the investigation;

28 WHEREAS, counsel for plaintiffs, counsel for the special committee, counsel for

1 the insurers, and counsel for certain individual defendants attended a mediation session on
2 November 24, 2009 with the Honorable Layn Phillips (Ret.);

3 WHEREAS, following the mediation, counsel for Plaintiffs, counsel for the special
4 committee, counsel for the insurers, and counsel for individual Defendants continued to engage in
5 extensive arm's length settlement discussions, with additional assistance from the mediator;

6 WHEREAS, Plaintiffs, certain of the individual Defendants, Defendant E&Y, and
7 nominal Defendant Blue Coat, by and through its special committee, each by and through their
8 respective counsel, have reached a settlement in principle of this action and preparation of
9 settlement documentation is underway;

10 NOW, THEREFORE, the Parties, by and through their undersigned counsel of
11 record, hereby agree and stipulate to the following:

12 1. The Case Management Conference scheduled for July 16, 2010, together
13 with all associated pre-conference filings (e.g., the Case Management Statement and Rule 26(f)
14 disclosures) shall be continued to August 13, 2010 at 10:30 a.m., or as soon as available thereafter,
15 at which time the Parties will report to the Court about the status of the special committee's work
16 and the status of settlement documentation;

17 2. The Parties respectfully request that the Court enter an Order approving this
18 Stipulation.

19 Dated: July 9, 2010

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24 By: _____/s
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26 Counsel for the Special Committee of the Board of
27 Directors of Nominal Defendant Blue Coat Systems,
28 Inc.

1 Dated: July 9, 2010

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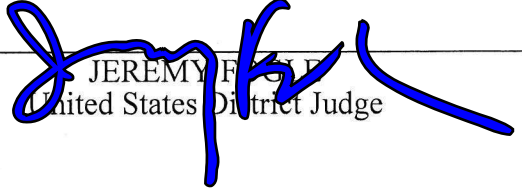
Counsel for Defendant Ernst & Young LLP

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[PROPOSED] ORDER

Based upon the above stipulation of the Parties and for good cause appearing
therefore, IT IS SO ORDERED.


Dated: 7/12/2010, 2010



JEREMY F. SMITH
United States District Judge

ATTESTATION PURSUANT TO GENERAL ORDER 45

I, Sean T. Strauss, attest that concurrence in the filing of this document has been obtained from each of the signatories. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 9th day of July, 2010 at San Francisco, California.

By: 

Counsel for the Special Committee of the Board of
Directors of Nominal Defendant Blue Coat Systems,
Inc.