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The Honorable Ricardo S. Martinez

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON

MICROSOFT CORPORATION, a Washington corporation,	)	No. CV07 936RSM
	)	
Plaintiff,	)	<b>DECLARATION OF ROBERT VAN NAARDEN IN SUPPORT OF IMMERSION'S OPPOSITION TO MICROSOFT'S "MOTION FOR PARTIAL SUMMARY JUDGMENT ON BREACH OF CONTRACT"</b>
v.	)	
IMMERSION CORPORATION, a Delaware corporation,	)	
	)	
Defendant.	)	Re-Noted on Motion Calendar: 7/25/2008
	)	
	)	

1 I, Robert Van Naarden, declare as follows:

2 1. I am a member of the Board of Directors of Immersion Corporation  
3 ("Immersion"). I have personal knowledge of the facts set forth in this Declaration and, if called  
4 as a witness, could and would testify competently to such facts under oath.

5 2. I have served on Immersion's Board of Directors since October 2002. In June  
6 and July 2003, I participated in meetings and discussions between representatives of Immersion  
7 and Microsoft relating the settlement of Immersion's then-pending patent suit against Microsoft.

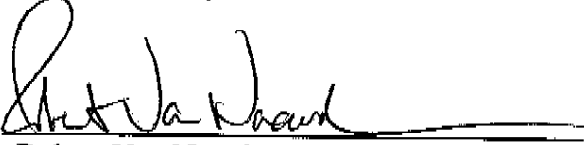
8 3. One topic that was discussed while I was present concerned the "Sublicense  
9 Agreement" between Immersion and Microsoft, including the terms under which Immersion  
10 might have an obligation to pay Microsoft in the event that Immersion elected to settle the Sony  
11 Lawsuit. Microsoft initially proposed terms requiring Immersion to pay Microsoft substantial  
12 sums if Immersion settled or recovered on a verdict. Immersion rejected this proposal. Mr.  
13 Viegas explained to Ken Lustig and the other Microsoft representatives that it made no sense for  
14 Immersion to agree to pay Microsoft a fixed sum based on a verdict because Immersion had no  
15 way of knowing what the amount of the verdict or judgment entered on the verdict would be.

16 4. I also participated in further discussions on this subject of what obligation, if any,  
17 Immersion would have if Immersion dropped its district court case by settling with Sony mid-  
18 stream, rather than Immersion bearing all the risk and substantial expense of taking the case  
19 through verdict and judgment. Microsoft expressed the concern that Immersion might reach a  
20 settlement with Sony and hence deprive Microsoft of any benefit it might obtain from having the  
21 ability to sublicense Immersion's patents to Sony. Microsoft accordingly wished to create a  
22 disincentive for Immersion to settle. It was very clear in the parties' discussions that Immersion  
23 electing to "settle the Sony Lawsuit" did not encompass a situation where the suit went in  
24 Immersion's favor and Immersion collected on a judgment. The final Sublicense Agreement  
25 reflected the parties' agreement reached through the course of discussions and negotiations that  
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1 Immersion would not have to pay Microsoft if Immersion's suit against Sony went in  
2 Immersion's favor and Immersion collected on a judgment.

3 I declare under penalty of perjury under the laws of the United States of America that the  
4 foregoing is true and correct.

5 Executed on July 16, 2008, at Huntingdon Valley, Pennsylvania.

6  
7 By   
8 Robert Van Naarden

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