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NEWS RELEASE

MICROSOFT vs. TIMELINE FINAL JUDGMENT AFFIRMS TIMELINE PATENT RIGHTS SQL SERVER USERS COULD FACE “STAGGERING” DAMAGES

BELLEVUE, WA – February 19, 2003 -- Timeline, Inc. (OTC/BB: TMLN) announced that the Superior Court of King County has entered its Final Judgment in Microsoft Corporation vs. Timeline, Inc. which confirms that the agreement between Microsoft (Nasdaq: MSFT) and Timeline contains substantial limitations on Microsoft’s ability to sublicense Timeline’s patents.

The judgment implements the previously announced ruling by the Washington Court of Appeals. It confirms Microsoft’s ability to sublicense its patent license to its customers is limited. SQL Server developers who create a new product by adding code in an “Infringing Combination” (as defined below) must obtain their own patent license. The exact language of the judgment and a definition of Infringing Combination are included at the end of this release. A description of the patented technology is available at www.tmln.com/press.htm.

The Findings in this case have far-reaching consequences, due to the potential damages Microsoft customers face, in spite of the assurances Microsoft previously provided.

Timeline management has consistently testified that, while this issue may eventually involve millions of dollars, it will only impact a segment of software developers using SQL Server. The trial court, ironically, found Microsoft’s witnesses more credible than Timeline’s on this issue; specifically the potential impact of the patents on users of SQL Server. Consequently, the Superior Court found that if the proposal, which the License Agreement was intended to memorialize, was as Timeline contended, then

“...every Microsoft customer, including ISVs, VARs, and corporate end users, who wished to customize SQL Server by adding code or product to meet the specific needs of users would have been required to purchase a license from Timeline to do so. Given the basic design and intended purpose and use of SQL Server ... the potential economic benefit to Timeline would have been staggering. ... (That economic benefit would be) from the future sale of licenses to essentially all of Microsoft’s SQL Server customers.”

In confirming Timeline’s contract interpretation, the Court of Appeals did not change the Superior Court’s finding that the “potential economic benefit to Timeline would have been staggering.” The Court of Appeals did note that, for whatever reason, Microsoft now finds the “...agreement is not commercially reasonable...”. But the court rightly pointed out “...it is not the duty of the courts to correct what may be bad bargains, but to enforce an agreement as written.”

Microsoft’s Tactics

Microsoft itself proposed the limited license rights ultimately agreed upon in exchange for a substantial reduction in proposed license fees. Testimony during litigation disclosed that when Timeline first approached Microsoft about its patent infringement exposure, Timeline made alternative licensing proposals. Each alternative provided a different level of license protection.

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Microsoft further testified that shortly after signing the contract, it started to receive critical feedback from its customers for having negotiated patent license coverage for its own trademarked products while providing lesser rights for users of Microsoft platforms. Microsoft produced a statement from one such customer that "...Microsoft clearly negotiated a settlement that leaves all developers out in the cold." At some point, Microsoft decided the need for its customers to procure separate patent licenses for their part of an Infringing Combination was extremely detrimental to Microsoft's business.

Rather than returning to the negotiating table, however, Microsoft chose to attack Timeline.

Microsoft filed suit asking the court to allow it to ignore the language in its patent license with Timeline; specifically the limitation the parties had negotiated on sublicensing. Three and one-half years later, the resulting Final Judgment affirms the validity of the original agreement.

During this three and one-half year period, Microsoft bought Timeline's largest competitor and aggressively developed many applications based upon data mart technologies. It also acquired Timeline's then largest international distributor. These activities give Microsoft a family of products and an enhanced distribution channel to directly compete with Timeline products and those of many of its other SQL Server development partners, a capacity it did not have when it started this long, drawn-out legal battle.

Most troubling was a false press release issued in July 1999. Microsoft's press release, distributed to the international financial and trade press, stated in part:

"The (Timeline patent) license ensures that all users of Microsoft SQL Server 7, Office 2000 and other Microsoft products that utilize this type of technology are unencumbered by Timeline's patents."

It would be hard for Microsoft to claim it did not know or should have known its statement was false. The Court of Appeals held:

"Try as we might, it is **impossible** to reconcile the wording of ... (the agreement) with Microsoft's proposed construction." (emphasis added)

"We know there were no less than 14 'privileged' communications involving legal counsel in conjunction with the issuance of the press release. Consequently, we seriously doubt anything about the wording or its intended effect was accidental," said Charles Osenbaugh, Timeline's President and CEO.

"Why Microsoft would mislead its own customers, arguably inducing them to act in a manner potentially to their great detriment, was initially very difficult for us to understand," Osenbaugh continued. "We assumed Microsoft simply felt that someone would successfully challenge the Timeline patents or that Timeline would capitulate before Microsoft's statement came back to haunt it. And Microsoft openly supported a number of third parties who unsuccessfully challenged the validity of the Timeline patents.

"But, in hindsight and even though Timeline won the litigation, we must admit Microsoft's approach apparently worked for it. The monies spent on legal fees were inconsequential to them. Between the litigation and the false press release, Microsoft effectively froze Timeline out of leveraging its patent-protected niche in the SQL Server market for over three and one-half years. This time period was long enough for Microsoft to launch its now openly stated strategy to become dominant in the ERP and Analytics software market historically serviced by its own customers."

Final Judgment Consequences

For any SQL Server users that provide material steps of an Infringing Combination, the consequences of the Final Judgment are important. Particularly those Microsoft customers who relied on Microsoft's assurances, failed to
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investigate them thoroughly, and knowingly continued to provide material steps in an Infringing Combination. These infringers, if any, may face treble damages for the entire three and one-half years the case was tied up in the courts. Microsoft is not a law firm. Relying on its advice should not constitute acting in good faith; which is the required defense to treble damages for failure to investigate and honor patents once on notice of their existence.

“We believe a significant number of SQL Server developers and users will be affected and that the damages they face may be material to Timeline’s future financial results,” said Osenbaugh. “We cannot, however, make any realistic estimate or forecast. There is a high risk and possible high cost involved in any patent enforcement effort. Furthermore, any patent, while applied for in good faith, may be challenged.”

The number of SQL Server users who ultimately need a patent license from Timeline may be none, some (as Timeline assumes), or essentially all users as Microsoft led the court to believe.

“What can be confirmed is that Microsoft always has been, and will continue to be, bound by its written agreements regarding Timeline’s intellectual property rights. That, in and of itself, is a major victory!” Osenbaugh stated.

“And Microsoft does have some loose ends it needs to clean up in light of the Judgment. Under penalty of perjury, Microsoft represented in court that the patent license as signed between the two companies may cause widespread, even devastating hardship to its customers,” Osenbaugh continued. “Yet, no specific mention of the case, to our knowledge, has been made in Microsoft’s Securities and Exchange Commission filings. This omission is particularly troublesome since the decision of the Court of Appeals was in March 2002. We have great difficulty seeing how Microsoft can remain silent in its SEC filings. Silence certifies the litigation results are not material to Microsoft, which is contrary to the court’s finding on the same specific issue based upon evidence submitted by Microsoft itself.”

Furthermore, several SQL Server developers are openly discussing their beliefs that Microsoft should be liable for any damages they face for having relied upon Microsoft’s prior false statement; specifically that Microsoft would ‘ensure’ they were ‘unencumbered’ by the Timeline patents.

“If Microsoft does not want to pay for a broader license, it owes a duty to its customers and investors to clearly define the limitations on Microsoft’s ability to sublicense Timeline’s patents and outline its indemnification policy, if any, for those who relied upon its prior statement. Furthermore, Microsoft should honor its agreement to facilitate our efforts to properly enforce Timeline’s intellectual property rights with Microsoft customers,” Osenbaugh concluded.

Language of the Court Rulings

The Final Judgment reads, in part, as follows:

Under the Agreement between Microsoft and Timeline, Microsoft’s right to sublicense third parties to add code to or combine software with a Microsoft Licensed Product is limited as follows: If a Microsoft Licensee adds code to or combines software with a Microsoft Licensed Product and the added code or software is a material part of one of the claims of Timeline’s Licensed Patents and the resulting combination infringes that claim of the Timeline Licensed Patent, the Licensee has exceeded the scope of Microsoft’s sublicensing rights under the Agreement; provided that, if a Microsoft Licensee adds code to or combines software with the Licensed Product that is not a material part of a claim of one of Timeline’s Licensed Patents, the Licensee has not exceeded the scope of Microsoft’s sublicensing rights under the Agreement, even if the resulting combination would otherwise infringe a claim of one of Timeline’s Licensed Patents.

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Details on Timeline's Patent Technology

Microsoft cannot sublicense any non-Microsoft product that provides a material step in an infringement of a Timeline patent claim for use in conjunction with Microsoft-licensed platforms that provide the remaining step(s) of such infringement (an Infringing Combination).

Timeline's US Patent # 5,802,511; US Patent # 6,023,694; and US Patent # 6,026,392 (herein collectively the '511 patents) have been termed pioneer patents in the design and use of data marts and data warehouses. The '511 patents can apply to stand alone software products or combinations of software products. Of particular focus at this time are products used in conjunction with Microsoft SQL Server 7.0 or after. All Microsoft products stand-alone are licensed. But developers must separately look to whether a combination of products infringes all the elements of a valid claim of a Timeline patent. If the non-Microsoft code or product provides at least one of the material steps in such infringement, it is not covered by Microsoft's license. The user, licensee, licensor, or manufacturer must secure its own license or stop any further use of that product.

Details of Timeline's patented technology are available for review on Timeline's website at www.tmln.com/press.htm.

About Timeline

Timeline has licensed its patents for use in the products of Microsoft Corporation, Oracle Corporation, Noetix, Lawson Software, Broadbase Information Systems (now part of Kana), Hyperion Solutions, Crystal Decisions, and Sagent Technology. Additionally, Timeline provides products that embody the patented ideas under OEM agreements with many companies.

Timeline develops, markets and supports proven, Microsoft Windows-based financial management reporting software suitable for complex applications such as those found in medium to large, multinational corporations. Timeline Analyst was developed for Windows and Office and takes full advantage of Microsoft's latest operating systems. Timeline can be reached at 800-342-3365 or on the web at www.timeline.com. WorkWise Software, Inc., a subsidiary of Timeline, is the leading provider of event-based notifications, application integration and process automation systems to the mid-market. The WorkWise solutions are exclusively available through authorized OEM and Reseller Business Partners. WorkWise OEM Partners include Best Software, ACCPAC International (a division of Computer Associates), and Deltek Systems Corp. (Nasdaq: DLTK). Reseller Partners include Delphia Consulting Group, Relevant Business Systems, and Eclipse Computing. For more information on WorkWise Software, Inc., visit its website at www.workwise.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Statements in this news release looking forward in time involve risks and uncertainties, including the outcome of prospective and pending litigations and the cost related thereto, the company's ability to realize value from patented technology, the ability of the company to control and reduce expenses and increase working capital, liquidity for marketable and restricted securities, and other risk factors detailed in the Company's Securities and Exchange Commission filings. Use of the words "believe", "potential", "estimate", "forecast", "will", "could" and "may" in this news release is intended to identify these forward-looking statements, although it is not the exclusive means of doing so.