

REASONS FOR SETTLEMENT
Microsoft Corporation | FTC Matter No. 1923258

This statement accompanies the stipulated order for permanent injunction and civil penalty judgment (“Order”) executed by defendant Microsoft Corporation (“Microsoft”) in a settlement of an action brought to obtain civil penalties and equitable relief from Microsoft for engaging in acts or practices in violation of the Children’s Online Privacy Protection Act of 1998 (“COPPA”), 15 U.S.C. §§ 6501-6506, and the Children’s Online Privacy Protection Rule (“COPPA Rule”), 16 C.F.R. Part 312. The settlement requires Microsoft to pay a monetary judgment in the amount of \$20 million.

Pursuant to Section 5(m)(3) of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45(m)(3), the Commission hereby sets forth its reasons for settlement by entry of this Order:

On the basis of the allegations contained in the attached complaint, the Commission believes that the \$20 million civil penalty, along with various injunctive provisions, constitutes