



COURT OF CHANCERY
OF THE
STATE OF DELAWARE

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CHANCELLOR

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GEORGETOWN, DELAWARE 19947

Submitted: March 6, 2009
Decided: March 6, 2009

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Re: *In Re Yahoo! Shareholders Litigation*
Civil Action No. 3561-CC

Dear Counsel:

This case contemplates a fee award arising out of a settlement entered into by Yahoo! Inc. to significantly curtail its employee severance plan. I conclude that the settlement, obtained by plaintiffs, amounted to a substantial benefit to Yahoo's shareholders because the key terms of the settlement made it less expensive to sell Yahoo, making the company a more attractive target to potential suitors. Plaintiffs' seek a total award of \$12 million. Defendants insist that the settlement warrants a fee of only \$1 million. For the reasons set forth in the order and final judgment entered on this date, I approved the settlement of this class and derivative action as fair, reasonable and in the best interests of the class and Yahoo. In addition, for the reasons briefly stated below, I award plaintiffs \$8,400,000, plus expenses.

The Court typically considers a number of factors when setting a fee in connection with a settlement, including: “(1) the results accomplished for the benefit of the shareholders; (2) the efforts of counsel and the time spent in connection with the case; (3) the contingent nature of the fee; (4) the difficulty of the litigation; and (5) the standing and ability of counsel involved.”¹ Furthermore, as consistently noted, the most important factor in determining a fee award is the size of the benefit achieved.²

I conclude that plaintiffs have met the *Sugarland* factors. Plaintiffs spent over 5,500 attorney hours in hotly contested litigation. They based their compensation entirely on a contingent basis, risking both their own capital and their time, and the case presented what I consider a difficult and complex set of issues.

I also conclude that plaintiffs have bestowed a sufficient benefit on Yahoo’s shareholders to warrant their fee. Although somewhat unique, this case substantially parallels the factual circumstances in *Minneapolis Firefighters’ Relief Ass’n v. Ceridian*.³ In *Ceridian*, plaintiffs were awarded attorneys’ fees and expenses amounting to \$2,110 per attorney hour, for obtaining a settlement that empowered a potential buyer to present a leveraged recapitalization proposal, and eliminating a termination right for the merger partner in the event a new slate of directors was elected before the merger closed. In this case, plaintiffs’ settlement resulted in the elimination of the dead-hand provision that, similar to *Ceridian*, would have prevented a new slate of directors from changing the severance plan, and effectively curtailed the employee severance plan, significantly lowering the cost to acquire Yahoo of any potential buyer. Thus, like *Ceridian*, “given what plaintiffs were able to achieve,” the benefit bestowed upon Yahoo’s shareholders was significant and sufficient to meet the first *Sugarland* factor. I conclude that an award of \$8.4 million, similar to that awarded in *Ceridian*, is appropriate in this case.

For the foregoing reasons, I grant plaintiffs an award of \$8,400,000 plus expenses.

¹ *In re Abercrombie & Fitch Co. S’holders Derivative Litigation*, 886 A.2d 1271, 1273 (Del. Supr. Oct. 26, 2005) (citing *Sugarland Indus. Inc. v. Thomas*, 420 A.2d 142 (Del. 1980)).

² See, e.g., *Seinfeld v. Coker*, 847 A.2d 330, 336 (Del. Ch. Dec. 4, 2000).

³ C.A. No. 2996-CC, tr. at 27 (Del. Ch. Feb. 25, 2008).

IT IS SO ORDERED.

Very truly yours,

A handwritten signature in cursive script that reads "William B. Chandler III". The signature is written in black ink and includes a horizontal line under the "III" at the end.

William B. Chandler III

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