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May 16, 2008

**BY LEXIS-NEXIS FILE & SERVE**

The Honorable William B. Chandler III  
Court of Chancery  
34 The Circle  
P.O. Box 424  
Georgetown, DE 19947

Re: In re Yahoo! Shareholders Litigation, Cons. C.A. No. 3561-CC

Dear Chancellor Chandler:

I write on behalf of Plaintiffs to request a prompt hearing regarding the redactions made by Yahoo to Plaintiffs' proposed First Amended Verified Consolidated Complaint (the "Complaint"). When we moved to amend on Monday, we stated that we did not believe that any material in the Complaint warranted confidential treatment. Last night, Defendants served their public version of the Complaint, redacting all six exhibits to the Complaint in their entirety, as well as 24 full paragraphs of the Complaint and portions of 12 other paragraphs.

Defendants have not filed a Rule 5(g)(5) certification attesting to the reasons why they believe good cause exists for keeping the exhibits and the redacted portions of the Complaint under seal. A brief review of the redacted exhibits and paragraphs reveals the absence of any conceivable cause, and that Defendants' agenda is to sanitize the public record and maintain a cloak of secrecy regarding unflattering evidence of breach of fiduciary duty. For example, these are categories of information Defendants seek to shield from public view:

- Comments by Yahoo's compensation advisers about the scope and cost of the change in control employee severance plans that Plaintiffs seek to invalidate (Compl. ¶¶ 58, 61, 62, 63 & Exs. A, B, C, F);
- Comments by Yahoo senior executives relating to the Yahoo severance plans (Compl. ¶¶ 50, 66, 67 & Ex. D);

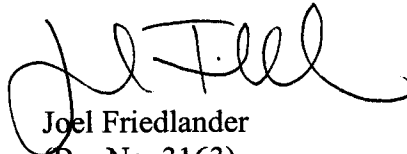
- Factual allegations about what the Yahoo directors were told about the severance plans, and what their advisors failed to do before the severance plans were adopted (Compl. ¶¶ 5, 53, 54, 68, 69, 70, 71, 72);
- Calculations of the cost of the severance plans under various scenarios (Compl. ¶¶ 70 & Ex. E); and
- Information about Yahoo's strategic planning prior to Microsoft's merger proposal (Compl. ¶¶ 6, 94)

Essentially, Yahoo is seeking to hide from public view any factual allegations based on information learned in discovery. Yahoo even seeks to conceal quotations from contemporaneous notes of a conversation between Jerry Yang and Microsoft's Steve Ballmer – a conversation that is obviously not confidential. (Compl. ¶¶ 38-40)

Yahoo should not be permitted to make wholesale redactions of Plaintiffs' pleading. Yahoo is tailoring the public record around their own selective disclosures of the discovery record. At the March 24, 2008 teleconference, Yahoo made assertions about the supposed cost of the Yahoo severance plans, the supposed plans of Microsoft for employee retention, and the supposed relationship between the two, purportedly based on documents produced in this litigation. As discussed in redacted paragraphs 5, 70, 71 and 74, those assertions were highly misleading.

Yahoo's attempt to whitewash embarrassing documents is inconsistent with this Court's traditions and the common law right of access. It should not be permitted to stand, especially not amidst shareholder unrest over Yahoo's response to Microsoft's now-withdrawn merger proposal and the just-announced proxy contest to replace Yahoo's Board at the July 3 annual meeting. Plaintiffs respectfully request an expedited hearing concerning Yahoo's redactions. We are available at the convenience of the Court.

Respectfully,



Joel Friedlander  
(Bar No. 3163)

cc: Register in Chancery (by e-filing)  
Edward P. Welch, Esquire (by e-filing)  
David C. McBride, Esquire (by e-filing)