

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

IN RE YAHOO! INC. SHAREHOLDER
LITIGATION

Lead Case No. 17-CV-307054

This Document Relates To:

ALL ACTIONS.

Judge: Hon. Brian C. Walsh
Dep't: 1 (Complex Civil Litigation)

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF SHAREHOLDER
AND DERIVATIVE ACTIONS**

The Superior Court of State of California, County of Santa Clara authorized this Notice. This is not a solicitation from a lawyer.

TO: ALL PERSONS AND ENTITIES WHO HELD ALTABA INC. COMMON STOCK AS OF THE CLOSE OF TRADING ON SEPTEMBER 14, 2018 (“CURRENT ALTABA SHAREHOLDERS”).

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. This Notice relates to a proposed settlement (the “Settlement”) of the following shareholder and derivative actions: (i) *In re Yahoo! Inc. Shareholder Derivative Litigation*, Lead Case No. 17-CV-307054 (the “California Derivative Action”), pending in the Superior Court of California, County of Santa Clara (the “California State Court”), (ii) *Oklahoma Firefighters Pension & Retirement System v. Brandt*, C.A. No. 2017-0133-SG (the “Delaware Derivative Action”), pending in the Chancery Court of the State of Delaware (the “Delaware Chancery Court”); (iii) *In re Yahoo! Inc. Shareholder Derivative Litigation*, Lead Case No. 17-cv-0787-LHK (the “Federal Derivative Action”), pending in the United States District Court for the Northern District of California (the “California Federal Court”); (iv) *Spain v. Altaba Inc.*, No. 18-CV-321765 (the “Writ Action”), pending in the California State Court; and (v) the direct claims brought by Plaintiff Patricia Spain seeking to preliminarily enjoin the stockholder vote on the sale of Yahoo! Inc.’s operating business to Verizon Communications Inc. (the “Proxy Litigation,” and together with the California Derivative Action, the Delaware Derivative Action, the Federal Derivative

Action, and the Writ Action, the “Yahoo Shareholder and Derivative Actions”). Your rights will be affected by the proposed Settlement.¹

Because the Settlement involves the resolution of shareholder derivative actions, which were brought on behalf of and for the benefit of the Company, the benefits from the Settlement will go to Altaba. Individual Altaba shareholders will not receive any direct payment from the Settlement. **ACCORDINGLY, THERE IS NO PROOF OF CLAIM FORM FOR SHAREHOLDERS TO SUBMIT IN CONNECTION WITH THIS SETTLEMENT. ALSO, SHAREHOLDERS ARE NOT REQUIRED TO TAKE ANY ACTION IN RESPONSE TO THIS NOTICE.**

WHAT IS THE PURPOSE OF THIS NOTICE?

1. The purpose of this Notice is to explain the Yahoo Shareholder and Derivative Actions, the terms of the proposed Settlement of those actions, and how the proposed Settlement affects Altaba shareholders’ legal rights.

2. The California State Court (or the “Court”) will hold a hearing (the “Settlement Hearing”) on January 4, 2019, at 9:00 a.m., at the Superior Court of the State of California, County of Santa Clara, 191 North First Street, Dep’t 1, San Jose, CA 95113, at which the Court will (i) determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, adequate, and in the best interests of Altaba and Current Altaba Shareholders, and should be finally approved by the Court; (ii) determine whether a Final Order and Judgment (the “Judgment”), substantially in the form attached as Exhibit C to the Settlement Stipulation, should be entered dismissing the Action with prejudice; (iii) determine whether the application by Co-Lead Counsel for a Derivative Fee and Expense Award, a Proxy Litigation Fee Award, and Service Awards, as described in paragraphs 48-51 below, should be approved; and (iv) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

¹ All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings provided in the Stipulation and Agreement of Settlement dated September 14, 2018 (the “Settlement Stipulation”), entered into by and among (a) Patricia Spain, the LR Trust, Harold Litwin, and Plumbers and Pipefitters National Pension Fund (the “California Plaintiffs”), who are plaintiffs in the California Derivative Action; (b) Oklahoma Firefighters Pension and Retirement System (the “Delaware Plaintiff”), which is the plaintiff in the Delaware Derivative Action; (c) David Summer, Jay Bowser, and Edith Liss (the “Federal Plaintiffs”), who are plaintiffs in the Federal Derivative Action; (d) Nominal Defendant Altaba Inc., formerly known as Yahoo! Inc. (“Yahoo,” “Altaba,” or the “Company”); (e) Defendants Marissa Mayer, Kenneth A. Goldman, Ronald S. Bell, David Filo, Maynard Webb, Jr., Thomas McInerney, Jane E. Shaw, Susan M. James, H. Lee Scott, Jr., Eric Brandt, Catherine Friedman, Tor Braham, Eddy Hartenstein, Richard Hill, and Jeffrey Smith (the “Individual Defendants”); and (f) Defendant Verizon Communications Inc. (“Verizon,” and together with the Individual Defendants, the “Settling Defendants”). The Settlement Stipulation is available for review at www.cpmlegal.com and www.bottinilaw.com and at the Investor Relations page of <https://www.altaba.com/investor-relations>.

WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?

THE FOLLOWING DESCRIPTION OF THE ACTION AND THE SETTLEMENT HAS BEEN PREPARED BY COUNSEL FOR THE SETTLING PARTIES. THE COURT HAS MADE NO FINDINGS WITH RESPECT TO SUCH MATTERS, AND THIS NOTICE IS NOT AN EXPRESSION OR STATEMENT BY THE COURT OF FINDINGS OF FACT.

A. Factual Background

3. The Yahoo Shareholder and Derivative Actions arise out of data breaches experienced by Yahoo between 2013 and 2016. In late 2014, Yahoo was the subject of a data breach by Russian state-sponsored actors that affected 500 million Yahoo user accounts (“2014 Security Incident”). In 2015 and 2016, an unauthorized third party accessed the Company’s proprietary code to forge cookies that could allow an intruder to access users’ accounts without a password (“Forged Cookies Incident”). The Company believes that some of this activity was connected to the same state-sponsored actor believed to be responsible for the 2014 Security Incident. In 2013, Yahoo was a subject of a separate data breach, which collectively affected all 3 billion Yahoo user accounts (“2013 Security Incident” and, together with the 2014 Security Incident and the Forged Cookies Incident, the “Security Incidents”).

4. On July 22, 2016, Yahoo entered into a Stock Purchase Agreement (“SPA”) with Verizon for the sale of Yahoo’s operating assets to Verizon for \$4.8 billion (“Verizon Transaction”).

5. On September 22, 2016, Yahoo issued a press release disclosing the 2014 Security Incident. On December 14, 2016, Yahoo disclosed that it was also the subject of a breach in 2013, affecting 1 billion Yahoo user accounts — the 2013 Security Incident.

6. On February 20, 2017, following Yahoo’s disclosure of the 2013 and 2014 Security Incidents, Yahoo and Verizon entered into an amendment to the SPA that, among other things, reduced by \$350 million the consideration to be paid by Verizon to Yahoo.

7. On October 3, 2017, Oath, a subsidiary of Verizon, disclosed that the 2013 Security Incident affected all 3 billion Yahoo user accounts instead of 1 billion Yahoo user accounts as initially disclosed.

8. Plaintiffs in the California Derivative Action, Delaware Derivative Action, and Federal Derivative Action allege that the Individual Defendants breached their fiduciary duties by failing to timely disclose, and by concealing, the Security Incidents. Plaintiffs further allege that Defendant Verizon aided and abetted the Individual Defendants’ breaches of fiduciary duties. Defendants deny the allegations. As set forth in further detail below, on May 24, 2017 and June 6, 2017, Yahoo made certain supplemental proxy disclosures in response to the Proxy Litigation.

B. The Action in Delaware Chancery Court

9. In October 2016, Oklahoma made a demand upon Yahoo pursuant to 8 Del. Code § 220 to inspect Yahoo's books and records. Oklahoma then filed a derivative complaint on behalf of Yahoo in the Delaware Chancery Court. On April 10, 2017, Oklahoma notified Defendants that it agreed to coordinate with counsel for the California Plaintiffs in jointly litigating the action in California State Court. Thereafter, Oklahoma was appointed lead plaintiff by Delaware Chancery Court, stayed its action, and obtained Yahoo's consent to use the documents obtained through the § 220 inspection demand in California State Court.

10. On April 19, 2017, California Co-Lead Counsel advised the California State Court that plaintiffs' counsel in the Delaware Derivative Action had agreed to stay their action and litigate all derivative claims in California State Court. Delaware Plaintiff's Counsel submitted notices of appearance on behalf of the plaintiffs in the California Derivative Action, and the California State Court approved their *pro hac vice* applications.

C. The Actions in Federal Court

11. On February 16, 2017 and February 17, 2017, two shareholder derivative actions were filed in the United States District Court for the Northern District of California ("Federal Court") by the Federal Plaintiffs. On May 15, 2017, the Federal Court granted the Federal Plaintiffs' motion to consolidate and appointed lead counsel. The Federal Plaintiffs filed a consolidated complaint on July 6, 2017. By order dated September 25, 2017, the Federal Court granted a stipulation entered into by the parties and stayed the Federal Derivative Action.

D. The Actions in California State Court

12. On February 9, 2017, Plaintiffs LR Trust and Harold Litwin filed the first shareholder derivative action in the Superior Court of California, Santa Clara County and assigned to the Honorable Brian C. Walsh ("California State Court" or the "Court").

13. On March 7, 2017, Plaintiff Patricia Spain filed a shareholder class action and derivative action in the California State Court, asserting both (1) a direct claim against Yahoo's officers and directors for breach of fiduciary duty and a direct claim against Verizon for aiding and abetting breach of fiduciary duty and (2) derivative claims on behalf of Yahoo against Yahoo's officers and directors for breach of fiduciary duty, corporate waste, and violation of California Corporation Code §§ 25402 and 25403 (insider trading).

14. On May 25, 2017, Plaintiff Plumbers and Pipefitters National Pension Fund ("Plumbers") commenced a related shareholder derivative action in the California State Court.

1. The California Plaintiffs Obtain Expedited Discovery and Pursue a Motion for Preliminary Injunction

15. On March 20, 2017, in furtherance of her direct claims and to protect Yahoo shareholders' right to vote on the proposed Verizon transaction, Plaintiff Spain moved to lift the discovery stay and for limited expedited discovery. Defendants opposed the expedited

discovery. At a hearing on March 30, 2017, the California State Court granted Plaintiff Spain's motion in part and lifted the discovery stay. After a meet and confer that also took place on March 30, 2017, Yahoo agreed to produce documents in response to 12 out of 14 requests for production of documents and agreed to produce Defendant McInerney for a deposition. On April 18, 2017, pursuant to Plaintiff Spain's motion to compel further discovery, the California State Court ordered Yahoo to produce additional documents and also ordered Yahoo to produce Defendant Brandt for a deposition.

16. In response to the California State Court's orders, Yahoo produced over 33,000 pages of documents to the California Plaintiffs between April 7, 2017, and April 28, 2017.

17. Plaintiff Spain deposed Defendants McInerney and Brandt on April 28, 2017 and May 9, 2017, respectively. Subsequently, Plaintiff Spain served deposition subpoenas on two additional percipient fact witnesses, third-parties Alex Stamos and Ramses Martinez. Defendants and Stamos and Martinez moved to quash the deposition subpoenas. On May 24, 2017, the California State Court denied the motions to quash. Plaintiff Spain deposed Stamos and Martinez on May 25, 2017.

18. On May 17, 2017, Plaintiff Spain moved for a preliminary injunction, seeking to enjoin Yahoo shareholders' vote on the transaction until Yahoo made additional disclosures allegedly relevant to the proxy. The motion identified eight allegedly material omissions from the proxy. Defendants opposed the motion.

19. On May 24, 2017, Yahoo provided supplemental disclosures, disclosing some of the facts that Plaintiff Spain contended were material and omitted from the proxy.

20. The California State Court held a hearing on Plaintiff Spain's motion for preliminary injunction on June 6, 2017. Following the hearing, the California State Court granted in part and denied in part the motion for preliminary injunction. Among other things, the California State Court concluded that Yahoo's May 24, 2017 filing mooted or addressed four out of the eight allegedly material omissions identified by Plaintiff Spain. The California State Court further found in Plaintiff Spain's favor as to one of the remaining four material omissions and ordered Yahoo to provide further supplemental disclosures, advising the shareholders of the value of the purchase price adjustment. Following the hearing, these disclosures were provided by Yahoo on June 6, 2017 via the filing of a supplement to the proxy statement on Schedule 14A. Yahoo's stockholder voted to approve the sale to Verizon, and the transaction closed on June 13, 2017, as originally scheduled.

2. The California State Court Derivative Litigation.

21. On July 12, 2017, the California State Court consolidated the three pending actions ("California Derivative Action") and appointed Bottini & Bottini, Inc. and Cotchett, Pitre & McCarthy LLP ("California Co-Lead Counsel") as co-lead counsel. As set forth herein, California Plaintiffs and their counsel have actively litigated the California Derivative Action.

22. On August 3, 2017, the California Plaintiffs filed a consolidated complaint. The consolidated complaint contained extensive detail of the underlying factual allegations, including

from both the § 220 document production and the expedited Proxy Litigation, some of which was designated confidential by Defendants. On September 5, 2017, defendants moved to strike portions of the consolidated complaint, arguing that the parties' signed confidentiality agreement governing the permitted use of confidential discovery material barred the use of the expedited discovery from the Proxy Litigation in the derivative complaint. On September 19, 2017, the California Plaintiffs filed their opposition to the motion to strike. After briefing, the California State Court denied the motion to strike, and allowed the use of the discovery from the Proxy Litigation in the consolidated complaint.

23. Defendants filed both a demurrer and a motion to stay the California Derivative Action in favor of the Federal Derivative Action, a related securities class action, and a related customer class action, each pending at the time in the Federal Court. On November 2, 2017, following briefing and a hearing, the California State Court held that the causes of action styled as direct were, in fact, derivative causes of action, sustained Defendants' demurrer on demand-futility grounds as to each cause of action in the consolidated complaint, and granted Plaintiffs 60 days' leave to amend. On November 8, 2017, following briefing and supplemental briefing, the California State Court denied Defendants' motion to stay, without prejudice to Defendants' ability to renew the motion later if they could identify a specific, developed conflict with one of the related federal actions.

3. California Writ Action.

24. By letter dated November 21, 2017, Plaintiff Spain, through her counsel, requested to inspect certain books and records of Altaba. Altaba responded to Plaintiff Spain's demand by letter dated December 5, 2017. The parties met and conferred, and on January 9, 2018, and February 15, 2018, Altaba offered to produce some, but not all, of the documents sought by Plaintiff Spain, but the parties were unable to resolve their disputes.

25. On January 12, 2018, Plaintiff Spain filed a verified petition for a writ of mandate, seeking an order pursuant to California Corporations Code § 1601 and the common law compelling Altaba to produce the books and records sought in Plaintiff Spain's inspection demand ("Writ Action"). Pursuant to Corporations Code § 1604, Plaintiff Spain also sought her attorneys' fees and costs incurred to bring the action.

26. The Writ Action was assigned for all purposes to Judge Walsh, who is presiding over the California Derivative Action. On February 16, 2018, Altaba filed a demurrer to the Writ Action petition. On March 21, 2018, Altaba represented that it produced all non-privileged Board and Board committee minutes and materials in response to Plaintiff Spain's inspection demand that she had not already received in prior productions. Plaintiff Spain asserted that, under § 1601 and the common law, she was entitled to receive additional document beyond what had been produced and indicated an intent to dispute certain of Yahoo's privilege claims. On April 27, 2018, the court overruled the demurrer. On May 15, 2018, Altaba filed its answer.

4. California Plaintiffs' Amended Consolidated Complaint.

27. On January 2, 2018, the California Plaintiffs filed an amended consolidated complaint, alleging six causes of action: (1) derivative claim for breach of fiduciary duty against

the Individual Defendants; (2) derivative claim for corporate waste against the director defendants; (3) direct claim for breach of fiduciary duty against the Individual Defendants; (4) direct claim for aiding and abetting breaches of fiduciary duty against Verizon; (5) derivative claim for aiding and abetting breaches of fiduciary duty against Verizon; and (6) derivative claim for breach of fiduciary duty for insider trading and misappropriation of information against Defendants Marissa Mayer, Ronald Bell, Kenneth Goldman, and David Filo.

28. Defendants demurred to the amended complaint on February 22, 2018. Plaintiffs filed opposition briefs on April 4, 2018, and Defendants filed reply briefs on May 1, 2018. The hearing on the Defendants' demurrers was scheduled for August 10, 2018.

E. The Litigation Progress and Extensive Settlement Negotiations

29. As set forth above, California Plaintiffs' Counsel have already reviewed more than 33,000 pages of documents produced by Yahoo in response to the Delaware and California inspection demands as well as in response to the California State Court's orders allowing expedited discovery in the Proxy Litigation. These documents included, among other things, minutes, agendas, board packages, communications, and other materials of the Yahoo board of directors ("Board"), Yahoo's Audit and Finance Committee ("AFC"), Yahoo's Strategic Review Committee ("SRC"), and Yahoo's Special Cybersecurity Review Committee ("SCRC" or the "Independent Committee").

30. California Plaintiffs have also conducted four depositions, as follows:

- Defendant McInerney was deposed on April 28, 2017. McInerney was a member of Yahoo's Board and a member of the AFC since April 2012 and until the completion of the sale of Yahoo's operating assets to Verizon. McInerney also served as the Chair of the SRC and currently serves as Altaba's CEO.
- Defendant Brandt was deposed on May 9, 2017. Brandt has served as a member of the Board since March 2016 and as the Chairman of the Board since January 2017. Brandt was previously a member and Chair of the AFC, a member of the SRC, and a member and Chair of the SCRC.
- Non-party Stamos was deposed on May 25, 2017. Stamos previously served as Yahoo's Chief Information Security Officer ("CISO").
- Non-party Martinez was deposed on May 25, 2017. Martinez previously served as Yahoo's Senior Director of Incident Response. Following Stamos's departure from Yahoo, Martinez also served as interim CISO at Yahoo.

31. As to the legal merits of California Plaintiffs' claims, the parties have expended significant time and resources litigating two rounds of demurrers, briefing Yahoo's motion to stay, briefing several discovery-related motions (including the motion to expedite discovery and motions to quash), and briefing California Plaintiffs' motion for preliminary injunction.

32. Plaintiffs' Co-Lead Counsel and certain Defendants engaged in extensive efforts to resolve the Yahoo Shareholder and Derivative Actions, including participating in a full-day mediation on April 5, 2018, before the Honorable Daniel Weinstein (Ret.) in San Francisco, California. Although the participants were not able to reach a settlement on the day of the mediation, they continued arm's-length negotiations in the weeks that followed the mediation, and reached an agreement-in-principle to resolve the Yahoo Shareholder and Derivative Actions on the terms set out in the Stipulation.

33. The Settling Parties entered into the formal Settlement Stipulation on September 14, 2018. In connection with settlement negotiations, the Settling Parties did not discuss the amount of any potential application by Co-Lead Counsel for a Derivative Fee and Expense Award or the issue of any Service Awards.

34. On October 26, 2018, the California State Court entered the Preliminary Approval Order in connection with the Settlement which, among other things, preliminarily approved the Settlement, authorized this Notice to be provided to Current Altaba Shareholders, and scheduled the Settlement Hearing to consider whether to grant final approval of the Settlement.

WHAT ARE THE TERMS OF THE SETTLEMENT?

35. As consideration for the Settlement, and subject to the terms and conditions of the Stipulation, the Settling Defendants, as separately agreed between them, shall cause their insurance carriers to pay twenty-nine million dollars (\$29,000,000.00) in cash ("Settlement Amount") for the benefit of Altaba. The Settlement Amount will be initially deposited into an escrow account controlled by Co-Lead Counsel. Upon entry of the Judgment approving the Settlement and the Judgment becoming "Final" in accordance with the terms of the Stipulation, the Settlement Amount, plus any interest earned thereon, and less any amounts used to satisfy any Taxes, Tax Expenses, and the Derivative Fee and Expense Award, as described in paragraphs 48-51 below, will be released and paid to Altaba.

36. In connection with the Settlement, Altaba has specifically acknowledged that the Company and its shareholders received valuable consideration as a direct result of the California Plaintiffs' work on the Proxy Litigation, that the supplemental proxy disclosures issued by Yahoo on March 24, 2017, and June 6, 2017, were the direct result of the California Plaintiffs' work on the Proxy Litigation, and that Yahoo's supplemental proxy disclosures provided a substantial benefit to Yahoo's shareholders, including the Settling Plaintiffs. **Plaintiffs have also requested dismissal of the class claims since they are moot in light of the disclosures obtained in the preliminary injunction proceedings.**

WHAT ARE THE SETTLING PARTIES' REASONS FOR THE SETTLEMENT?

A. Why did the Settling Plaintiffs Agree to Settle?

37. As discussed above, California Plaintiffs' Counsel have reviewed and analyzed more than 33,000 pages of documents and have conducted four depositions. In addition,

California Plaintiffs' Counsel have reviewed and analyzed data from many other sources specific to this matter, including, but not limited to: (i) Yahoo's public filings with the SEC, press releases, announcements, transcripts of investor conference calls, and news articles; (ii) investigations conducted by the SEC, the FTC, the DOJ, and other governmental agencies into the Securities Incidents; (iii) securities analyst, business, and financial media reports about Yahoo and the Security Incidents; and (iv) filings in the related securities class action and consumer data privacy action. California Plaintiffs' Counsel have also (i) researched the applicable law with respect to the claims asserted (or which could be asserted) in the shareholder derivative actions and the potential defenses thereto; (ii) researched, drafted, and filed complaints, motion for preliminary injunction, and oppositions to demurrers and motion to stay; (iii) prepared a detailed mediation statement; (iv) participated in a full-day mediation; and (v) engaged in months-long settlement discussions with counsel for Yahoo, Verizon, and the Individual Defendants.

38. Settling Plaintiffs' Counsel believe that the claims asserted in the Yahoo Shareholder and Derivative Actions have merit and that their investigation of the evidence supports the claims asserted. Without conceding the merit of any of the Settling Defendants' defenses, and in light of the benefits of the Settlement as well as to avoid the potentially protracted time, expense, and uncertainty associated with continued litigation, including potential trial(s) and appeal(s), Settling Plaintiffs and Settling Plaintiffs' Counsel have concluded that it is desirable that the Yahoo Shareholder and Derivative Actions be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Settling Plaintiffs and Settling Plaintiffs' Counsel recognize the significant risk, expense, and length of continued proceedings necessary to prosecute the Yahoo Shareholder and Derivative Actions against the Settling Defendants through trial(s) and through possible appeal(s). Settling Plaintiffs' Counsel have also taken into account the uncertain outcome and the risk of any litigation, especially complex litigation such as the Yahoo Shareholder and Derivative Actions, the difficulties and delays inherent in such litigation, the cost to Altaba—on behalf of which Plaintiffs seek to litigate—and distraction to management of Altaba that would result from extended litigation. Based on their evaluation, and in light of what Settling Plaintiffs' Counsel believe to be the significant benefits conferred upon Altaba and Current Altaba Shareholders as a result of the Settlement, Settling Plaintiffs and Settling Plaintiffs' Counsel have determined that the Settlement is in the best interests of Settling Plaintiffs, Yahoo, and Current Altaba Shareholders, and have agreed to settle the Yahoo Shareholder and Derivative Actions upon the terms and subject to the conditions set forth herein.

39. In addition, Judge Weinstein — the mediator who presided over the parties' extensive mediation efforts — has concluded that the proposed Settlement is fair and reasonable. Judge Weinstein is familiar with the claims at issue in this case, as well as the risks to all parties of continuing to litigate the claims. He also presided over the mediation in the related securities class action, where a settlement recently received final approval from the Federal Court.

40. Moreover, the Settling Parties (other than Verizon, which takes no position with respect to the issue) agree that the California Plaintiffs' prosecution of the direct claims and motion for preliminary injunction conferred substantial benefit to Yahoo and Yahoo shareholders, so as to justify the Proxy Litigation Fee Award as defined in Paragraph 50 below.

Specifically, on May 17, 2017, Plaintiff Spain moved for a preliminary injunction, seeking to enjoin Yahoo shareholders' vote on the transaction until Yahoo disclosed certain material facts relevant to the proxy. The motion identified eight allegedly material omissions from the proxy. On May 24, 2017, Yahoo provided supplemental proxy disclosures, disclosing some of the material facts that Plaintiff Spain contended were omitted from the proxy.

41. The California State Court held a hearing on Plaintiff Spain's motion for preliminary injunction on June 6, 2017. Following the hearing, the California State Court granted in part and denied in part the motion for preliminary injunction. Among other things, the California State Court concluded that Yahoo's May 24, 2017 filing mooted or addressed four out of the eight allegedly material omissions identified by Plaintiff Spain. The California State Court further found in Plaintiff Spain's favor as to one of the remaining four material omissions and ordered Yahoo to provide further supplemental proxy disclosures, advising the shareholders of the value of the purchase price adjustment. Following the hearing, these disclosures were provided by Yahoo on June 6, 2017 via the filing of a supplement to the proxy statement on Schedule 14A.

B. Why did the Settling Defendants and the Company Agree to Settle?

42. The Individual Defendants have denied and continue to deny that they have committed or attempted to commit any violations of law, any breaches of fiduciary duty owed to Yahoo, or any wrongdoing whatsoever and expressly maintain that they diligently and scrupulously complied with any and all fiduciary and other legal duties. The Settling Defendants assert, among other things, that Plaintiffs lack standing to litigate direct claims because all Plaintiffs' claims belong to Altaba, and that Plaintiffs lack standing to litigate derivatively on behalf of Altaba because the Settling Plaintiffs have not yet pleaded, and cannot properly plead, that a demand on Altaba's Board of Directors would be futile. However, to avoid the costs, disruption, and distraction of further litigation, and without admitting that California Plaintiffs and plaintiffs in the other Yahoo Shareholder and Derivative Actions have standing to bring any claims in the Yahoo Shareholder and Derivative Actions, the validity of any allegation made in the Yahoo Shareholder and Derivative Actions, or any liability with respect thereto, the Individual Defendants have concluded that it is desirable that the claims against them be settled and dismissed on the terms reflected in the Stipulation.

43. Verizon denies and continues to deny that it engaged in any actionable conduct whatsoever, and disputes the validity of the claims and allegations asserted against it. It has agreed to waive the costs it incurred in this action solely to facilitate settlement and avoid the expense of further litigation.

44. Altaba denies that Plaintiffs have standing to bring direct claims because all Plaintiffs' claims belong to Altaba and deny that Plaintiffs have standing to litigate derivatively on behalf of Altaba because demand on the Altaba Board is not futile. However, to avoid the costs, disruption, and distraction of further litigation, Altaba has concluded that it is desirable that the claims brought on its behalf be settled and dismissed on the terms reflected in the Stipulation.

45. Neither the Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit attached to or referred to in the Stipulation, nor any action taken to carry out the Stipulation, is or may be construed as, used as, or argued to be evidence of the validity or merit of any of the Released Claims, or as an admission by or against any Settling Defendant of any fault, wrongdoing, or concession of liability whatsoever.

WHAT WILL HAPPEN IF THE SETTLEMENT IS APPROVED? WHAT CLAIMS
WILL THE SETTLEMENT RELEASE?

46. If the Settlement is approved, the California State Court will enter a Judgment. Pursuant to the Judgment, the California Derivative Action will be dismissed in its entirety and with prejudice and, upon the Effective Date of the Settlement,² the following releases will occur:

Release of Claims by Current Altaba Shareholders upon the Effective Date: Upon the Effective Date, all Current Altaba Shareholders shall be deemed to have fully, finally, and forever released, relinquished, and discharged the Released Plaintiff Claims, as defined below, that could have been asserted derivatively on behalf of the Company (including Unknown Claims, as defined below) against the Released Defendant Persons, as defined below, and shall be forever barred and enjoined from asserting any Released Plaintiff Claims that could have been asserted derivatively on behalf of the Company against any Released Defendant Persons.

“Released Plaintiff Claims” means any and all claims, rights, demands, obligations, controversies, debts, damages, losses, causes of action, and liabilities of any kind or nature whatsoever, whether in law or equity, including both known claims and Unknown Claims, suspected or unsuspected, accrued or unaccrued, that (i) the Settling Plaintiffs asserted in the complaints filed in the Yahoo Shareholder and Derivative Actions; or (ii) that (a) any of the Settling Plaintiffs or any other Company shareholder could have asserted derivatively on behalf of the Company in any court, tribunal, forum, or proceeding, (b) the Company could have asserted directly in any court, tribunal, forum, or proceeding, or (c) any of the Settling Plaintiffs could have asserted directly against the Company or any Settling Defendant in any court, tribunal, forum, or proceeding and relate to a Settling Plaintiff’s status as a stockholder of Yahoo, and (for each of (a), (b) and (c), above) that arise out of or are based upon the facts, matters, transactions, conduct, actions, failures to act, omissions, or circumstances that were alleged in complaints filed in the Yahoo Shareholder and Derivative Actions; provided, however, that the Released Plaintiff Claims shall not include (i) any claims asserted in the related customer class actions pending in Federal Court and California Superior Court captioned *In re: Yahoo! Inc. Customer Data Security Breach Litigation*, Case No. 16-MD-02752-LHK (N.D. Cal.) and *Yahoo! Inc. Private Information Disclosure Cases*, JCCP 4895 (Cal. Sup. Ct. Orange County), respectively; (ii) any claims asserted in the recently settled

² The Effective Date of the Settlement is conditioned on the entry of the Judgment by the California State Court approving the Settlement and dismissing the California Derivative Action with prejudice, the dismissal with prejudice of the Delaware Derivative Action, Federal Derivative Action, and Writ Action, and the passing of the dates upon which the Judgment and each of the dismissal orders in the Delaware Derivative Action, Federal Derivative Action, and Writ Action become Final.

related securities class action in Federal Court captioned *In re Yahoo! Inc. Securities Litigation*, Case No. 17-cv-0373 LHK (N.D. Cal.); (iii) any claims relating to the enforcement of the Settlement or this Stipulation; or (iv) any claims that arise out of or are based upon any conduct of the Released Defendant Persons or Released Altaba Persons after the date of execution of the Stipulation.

“Released Defendant Persons” means each and all of the Settling Defendants and each of their immediate family members and current, former, or future parents, subsidiaries, associates, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, trustees, engineers, insurers, co-insurers, reinsurers, heirs, assigns, executors, general or limited partners or partnerships, personal or legal representatives, estates, administrators, predecessors, successors, advisors, and/or any other individual or entity in which a Person has or had a controlling interest or which is or was related to or affiliated with a Person.

“Unknown Claims” means any and all Released Plaintiff Claims that any of the Settling Plaintiffs or any other Current Altaba Shareholder does not know or suspect to exist in his, her, or its favor at the time of the release of such claims against the Released Defendant Persons, and any and all Released Defendant Claims which any of the Settling Defendants does not know or suspect to exist in his, her, or its favor at the time of the release of such claims against the Released Plaintiff Persons, including claims which, if known by him, her, or it, might have affected his, her, or its decision to settle or the terms of his, her, or its settlement with and release of the Released Defendant Persons or Released Plaintiff Persons, or might have affected his, her, or its decision not to object to this Settlement. With respect to any and all Released Plaintiff Claims and Released Defendant Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Settling Parties shall expressly waive, and, only with respect to Released Plaintiff Claims that could have been asserted derivatively on behalf of the Company, all other Current Altaba Shareholders by operation of the Judgment shall have expressly waived, the provisions, rights, and benefits of California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Settling Parties acknowledge that they may discover facts in addition to or different from those now known or believed to be true by them with respect to the Released Plaintiff Claims and Released Defendant Claims, but it is the intention of the Settling Parties to completely, fully, finally, and forever compromise, settle, release, discharge, and extinguish any and all of the Released Plaintiff Claims and Released Defendant Claims known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts.

Release of Claims by the Settling Defendants upon the Effective Date: Upon the Effective Date, each of the Settling Defendants shall be deemed to have fully, finally, and forever released, relinquished, and discharged the Released Defendant Claims, as defined below (including Unknown Claims) against the Released Plaintiff Persons, as defined below, and shall be forever barred and enjoined from asserting any Released Defendant Claims against any Released Plaintiff Persons.

“Released Defendant Claims” means any and all claims, rights, demands, obligations, controversies, debts, damages, losses, causes of action, and liabilities of any kind or nature whatsoever, whether in law or equity, including both known claims and Unknown Claims, suspected or unsuspected, accrued or unaccrued, that the Settling Defendants or Altaba have or could have asserted against the Settling Plaintiffs or their counsel, which arise out of or relate to the institution, prosecution, or settlement of the claims asserted against the Settling Defendants or Altaba in the Yahoo Shareholder and Derivative Actions; provided, however, that the Released Defendant Claims shall not include any claims relating to the enforcement of the Settlement or this Stipulation, any claims by the Individual Defendants relating to insurance coverage, or any claims that arise out of or are based upon any conduct of the Released Plaintiff Persons after the date of execution of this Stipulation.

“Released Plaintiff Persons” means each and all of the Settling Plaintiffs and each of their immediate family members and current, former, or future parents, subsidiaries, associates, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, trustees, engineers, insurers, co-insurers, reinsurers, heirs, assigns, executors, general or limited partners or partnerships, personal or legal representatives, estates, administrators, predecessors, successors, advisors, and/or any other individual or entity in which a Person has or had a controlling interest or which is or was related to or affiliated with a Person.

Release of Claims by Altaba upon the Effective Date: Upon the Effective Date, Altaba shall be deemed to have fully, finally, and forever released, relinquished, and discharged the Released Plaintiff Claims (including Unknown Claims) against the Released Defendant Persons, and shall be forever barred and enjoined from asserting any Released Plaintiff Claims against any Released Defendant Persons. Upon the Effective Date, Altaba shall also be deemed to have fully, finally, and forever released, relinquished, and discharged the Released Defendant Claims (including Unknown Claims) against the Released Plaintiff Persons, and shall be forever barred and enjoined from asserting any Released Defendant Claims against any Released Plaintiff Persons.

47. By Order of the California State Court, pending final determination of whether the Settlement should be approved, the Settling Plaintiffs and all other Current Altaba Shareholders are barred and enjoined from commencing, instituting, or prosecuting any of the Released Plaintiffs’ Claims against any of the Released Defendant Persons.

HOW WILL THE ATTORNEYS BE PAID?

48. Plaintiffs' Counsel have not received any payment for their services in pursuing the claims asserted in the Yahoo Shareholder and Derivative Actions, nor have Plaintiffs' Counsel been reimbursed for their litigation expenses. After negotiating and reaching agreement on the principal terms of the Settlement, Co-Lead Counsel and Altaba, with the assistance of the mediator, Judge Weinstein, separately negotiated an appropriate amount of attorneys' fees and expenses to be paid out of (and not in addition to) the Settlement Amount, to compensate Plaintiffs' Counsel for their work in the case and the substantial benefits conferred upon Altaba and its stockholders by the Settlement. Consistent with Co-Lead Counsel's agreement with Altaba, Co-Lead Counsel intend to apply to the California State Court for an award amount not to exceed 30% of the Settlement Amount for attorneys' fees and up to \$250,000 in litigation expenses incurred by Plaintiffs' Counsel. The amount of attorneys' fees and expenses actually awarded by the California State Court to Plaintiffs' Counsel from the Settlement Amount shall be referred to as the "Derivative Fee and Expense Award".

49. Co-Lead Counsel's application to the California State Court may also include a request for service awards of up to \$10,000 for Plaintiff Spain and up to \$5,000 for each of the other California Plaintiffs, to be paid upon Court approval, in recognition of their participation and efforts in the prosecution of the California Derivative Action and the Proxy Litigation ("Service Awards"). The Service Awards, if approved by the California State Court, shall be paid to the California Plaintiffs out of the Derivative Fee and Expense Award.

50. Also, after negotiating and reaching agreement on the principal terms of the Settlement, Co-Lead Counsel and Altaba, with the assistance of Judge Weinstein, separately negotiated an appropriate amount of attorneys' fees to be paid directly by Altaba to Co-Lead Counsel, in recognition of the value conveyed to the Company and its shareholders by the California Plaintiffs' work on the Proxy Litigation, including as a result of the supplemental proxy disclosures obtained for the benefit of Yahoo's shareholders, as a result of the California Plaintiffs' efforts. Altaba has agreed to pay Co-Lead Counsel, subject to the approval of the California State Court, the amount of \$2,000,000 to compensate them for the benefits they obtained in the Proxy Litigation. Each of Altaba and the Settling Defendants (other than Verizon, which takes no position on the issue) further agrees that a payment in this amount from Altaba to Co-Lead Counsel is reasonable as compensation for Co-Lead Counsel's work in the Proxy Litigation and in light of the benefits conferred on Yahoo and its shareholders. The amount of attorneys' fees actually awarded by the California State Court for the benefits obtained in the Proxy Litigation shall be referred to as the "Proxy Litigation Fee Award."

51. The California State Court will determine the amount of the Derivative Fee and Expense Award, the Service Awards, and the Proxy Litigation Fee Award. The full amount of the Derivative Fee and Expense Award (including any Service Awards) shall be paid out of the Settlement Amount, and the full amount of the Proxy Litigation Fee Award shall be paid by Altaba. If the full amount of the requested expenses and Derivative Fee and Service Awards are awarded by the Court, up to \$8,875,000 will be deducted from the Settlement Amount. Altaba shareholders are not personally liable for any such fees or expenses.

WHEN AND WHERE WILL THE SETTLEMENT HEARING BE HELD? DO I
HAVE THE RIGHT TO APPEAR AT THE SETTLEMENT HEARING?

52. The Court will consider the Settlement and all matters related to the Settlement at the Settlement Hearing. The Settlement Hearing will be held before The Honorable Brian C. Walsh, on January 4, 2019, at 9:00 a.m., at the Superior Court of the State of California, County of Santa Clara, 191 North First Street, Dept. 1, San Jose, CA 95113. At the Settlement Hearing, the Court will (i) determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate, and in the best interests of Altaba and Current Altaba Shareholders, and should be finally approved by the Court; (ii) determine whether a Final Order and Judgment (the “Judgment”), substantially in the form attached as Exhibit C to the Settlement Stipulation, should be entered dismissing the Action with prejudice; (iii) determine whether the application by Co-Lead Counsel for a Derivative Fee and Expense Award, a Proxy Litigation Fee Award, and Service Awards, as described in paragraphs 48-51, should be approved; and (iv) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

53. Any person or entity that owned Altaba common stock as of September 14, 2018 and continues to own Altaba common stock through the date of the Settlement Hearing, may object to the Settlement and/or Co-Lead Counsel’s application for a Derivative Fee and Expense Award, a Proxy Litigation Fee Award, and Service Awards. Objections must be in writing and must be filed, together with copies of all other papers and briefs supporting the objection, with the Clerk of the Court at the address set forth below on or before December 21, 2018. Objections must also be served on Co-Lead Counsel and Representative Defendants’ Counsel (by hand, first class U.S. mail, or express service) at the addresses set forth below so that the objection is *received* on or before December 21, 2018.

Clerk of the Court

Clerk of the Court
Superior Court of California
County of Santa Clara
191 North First Street
San Jose, CA 95113

Co-Lead Counsel

Francis A. Bottini, Jr., Esq.
Bottini & Bottini, Inc.
7817 Ivanhoe Avenue
Suite 102
La Jolla, CA 92037

Mark C. Molumphy, Esq.
Cotchett, Pitre
& McCarthy LLP
San Francisco Airport Office Center
840 Malcolm Road
Suite 200
Burlingame, CA 94010

David L. Wales, Esq.
Bernstein Litowitz Berger
& Grossmann LLP
1251 Avenue of the Americas
44th Floor
New York, NY 10020

**Representative
Defendants' Counsel**

Jordan Eth, Esq.
Judson Lobdell, Esq.
Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105

54. Any objections, filings, and other submissions: (i) must state the name, address and telephone number of the objector and, if represented by counsel, the name, address, and telephone number of his, her, or its counsel; (ii) must be signed by the objector; (iii) must contain a specific, written statement of the objection(s) and the specific reason(s) for the objection(s), including any legal and evidentiary support the objector wishes to bring to the Court's attention, and if the objector has indicated that he, she, or it intends to appear at the Settlement Hearing, the identity of any witnesses the objector may call to testify and any exhibits the objector intends to introduce into evidence at the hearing; and (iv) must include documentation sufficient to prove that the objector owned shares of Altaba common stock as of September 14, 2018 and contain a statement that the objector continues to hold such shares as of the date of filing of the objection and will continue to hold those shares as of the date of the Settlement Hearing. Documentation establishing ownership of Altaba common stock must consist of copies of monthly brokerage account statements, or an authorized statement from the objector's broker containing the information found in an account statement.

55. You may file a written objection without having to appear at the Settlement Hearing. You may also appear at the Settlement Hearing without having submitted a written objection.

56. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement and/or Co-Lead Counsel's application for a Derivative Fee and Expense Award, a Proxy Litigation Fee Award, and Service Awards, and if you file and serve a timely written objection as described above, you should also file a notice of appearance with the Clerk of the Court and serve it on Co-Lead Counsel and Representative Defendants' Counsel at the addresses set forth in ¶ 53 above so that it is *received* on or before December 21, 2018. Persons who intend

to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

57. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Co-Lead Counsel and Representative Defendants' Counsel at the addresses set forth in ¶ 53 above so that the notice is *received* on or before December 21, 2018.

58. Unless the Court otherwise directs, any person or entity who fails to object in the manner prescribed above shall be deemed to have waived his, her, or its right to object and shall be forever barred from raising any objection to the Settlement or Co-Lead Counsel's application for a Derivative Fee and Expense Award, a Proxy Litigation Fee Award, and Service Awards, or any other matter related to the Settlement, in the Yahoo Shareholder and Derivative Actions or in any other action or proceeding.

<p>CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?</p>

59. This Notice does not purport to be a comprehensive description of the Action, the allegations related thereto, the terms of the Settlement, or the Settlement Hearing. For a more detailed statement of the matters involved in the Action, you may inspect the pleadings, the Settlement Stipulation, the Orders entered by the Court, and other papers filed in the Action at the Office of the Clerk of the Court, Superior Court of the State of California, County of Santa Clara, 191 North First Street, San Jose, CA 95113, during regular business hours of each business day. You may also view a copy of the Settlement Stipulation at www.cpmlegal.com, www.bottinilaw.com, and <https://www.altaba.com/investor-relations>. If you have questions regarding the Settlement, you may write or call Co-Lead Counsel: Francis A. Bottini, Jr., Esq., Bottini & Bottini, Inc., 7817 Ivanhoe Avenue, Suite 102, La Jolla, CA 92037, 1-858-914-2001, fbottini@bottinilaw.com; Mark C. Molumphy, Esq., Cotchett, Pitre & McCarthy LLP, San Francisco Airport Office Center, 840 Malcolm Road, Suite 200, Burlingame, CA 94010, 1-650-697-6000, mmolumphy@cpmlegal.com; and David L. Wales, Esq., Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, 44th Floor, New York, NY 10020, 1-800-380-8496, settlements@blbglaw.com.

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT REGARDING THIS NOTICE.

Dated: October 26, 2018

By Order of the Court
Superior Court of California
County of Santa Clara