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CHANCELLOR

**COURT OF CHANCERY
OF THE
STATE OF DELAWARE**

COURT OF CHANCERY COURTHOUSE
34 THE CIRCLE
GEORGETOWN, DELAWARE 19947

Submitted: February 9, 2006
Decided: February 9, 2006

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Re: *In re Serena Software, Inc. S'holders Litig.*
Civil Action No. 1777-N

Dear Counsel:

Plaintiffs are stockholders of Serena Software, Inc. ("Serena" or the "Company"). On November 11, 2005, the Company announced that it had entered into an agreement to sell itself to Spyglass at a price of $24 per share. Class actions were filed on that day challenging the proposed transaction in both this Court and in the Superior Court for the State of California, County of San Mateo (the "California Action"). The purported class action before this Court alleges, among other things, that the proposed transaction preferred certain members of management at the expense of other shareholders, was unfair to the shareholders, and was the product of an unfair process. Following a series of preliminary proxy statements, plaintiffs filed an amended complaint raising certain disclosure claims on January 18, 2006. On February 2, 2006, Serena filed with the SEC a definitive proxy statement (the "Proxy") soliciting stockholder votes on the proposed sale of Serena to Spyglass at a price of $24 per share. Plaintiffs claim that their disclosure claims have not been addressed in the Proxy, and they have therefore requested expedited proceedings. After carefully considering the arguments presented by the parties, for the reasons set forth below I hereby grant plaintiffs' motion for expedited proceedings.

Defendants argue that the California Action is more advanced than this action. In particular, the parties in the California Action recently entered into a memorandum of understanding (the "MOU") to settle the case. Defendants argue that they should not have to litigate identical claims in two forums. For two reasons, I find defendants arguments unpersuasive.

First, plaintiffs stated that their disclosure claims have not been addressed by either the Proxy or the MOU. Therefore, because I would limit the proposed hearing to claims that *have not been addressed by the MOU*, defendants will not be required to litigate identical claims in two forums.

Second, these actions were filed concurrently. There is no evidence that plaintiffs are jumping on the bandwagon late in the game. In general, this Court encourages defense counsel to approach plaintiff shareholders from other jurisdictions, and to seek compromise on all claims in order to make a global settlement. Such a global settlement was not reached, and certain issues arguably remain to be litigated that have yet to be addressed by the California Action or MOU. On the other hand, because expedited proceedings entail social costs as well as market uncertainty (especially in the context of an impending shareholder vote on a merger transaction), this Court will not be pleased if plaintiffs are unable to demonstrate that significant disclosure issues remain unaddressed by the MOU.

For the foregoing reasons, the Court will schedule a preliminary injunction hearing at 2:30 p.m. on Monday, March 6, 2006, in the Chancery Courthouse, in Georgetown, Delaware.

IT IS SO ORDERED.

Very truly yours,

William B. Chandler III

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WBCIII:bsr