

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported):  
**May 19, 2005**

**Yahoo! Inc.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**000-28018**  
(Commission  
File Number)

**77-0398689**  
(IRS Employer  
Identification No.)

**701 First Avenue, Sunnyvale, California**  
(Address of Principal Executive Offices)

**94089**  
(Zip Code)

Registrant's telephone number, including area code: **(408) 349-3300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01 ENTRY INTO MATERIAL DEFINITIVE AGREEMENT**

1995 Stock Plan

The Board of Directors of Yahoo! Inc. (the "Company") has previously adopted an amended and restated version of the Yahoo! Inc. 1995 Stock Plan (the "Restated 1995 Plan"). At the Company's annual stockholders meeting held on May 19, 2005, the Company's stockholders approved the Restated 1995 Plan. Among other things, the Restated 1995 Plan reflects amendments to the plan (i) to increase the number of shares of the Company's common stock available for award grants under the Restated 1995 Plan by 80,000,000 shares, and (ii) to authorize the Company to grant awards under the Restated 1995 Plan intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code.

The following summary of the Restated 1995 Plan is qualified in its entirety by reference to the text of the Restated 1995 Plan, which was previously filed as Annex A to the Company's proxy statement dated April 4, 2005, as well as the forms of awards which may be granted under the Restated 1995 Plan, a copy of each of which is filed as an exhibit to this report.

The Company's Board of Directors (the "Board") or one or more committees appointed by the Board administers the Restated 1995 Plan. The Board has delegated general administrative authority for the Restated 1995 Plan to its Compensation Committee. The Compensation Committee may delegate some or all of its authority with respect to the plan to another committee of directors, and certain limited authority to grant awards to employees other than executive officers may be delegated to one or more officers of the Company.

The administrator of the Restated 1995 Plan has broad authority under the Restated 1995 Plan to, among other things, select participants and determine the type(s) of award(s) that they are to receive, and determine the number of shares that are to be subject to awards and the terms and conditions of awards, including the price (if any) to be paid for the shares or the award.

Persons eligible to receive awards under the Restated 1995 Plan include officers or employees of, and certain consultants and advisors to, the Company or any parent, subsidiary or affiliate of the Company.

To the extent that an award is settled in cash or a form other than shares, the shares that would have been delivered had there been no such cash or other settlement will not be counted against the shares available for issuance under the Restated 1995 Plan. If shares are delivered pursuant to the exercise of a stock appreciation right or stock option, the number of underlying shares as to which the exercise related shall be counted against the applicable share limits of the Restated 1995 Plan, as opposed to only counting the shares actually issued. Shares that are subject to or underlie awards which expire or for any reason are cancelled or terminated, are forfeited, fail to vest, or for any other reason are not paid or delivered under the Restated 1995 Plan will again be available for subsequent awards under the Restated 1995 Plan.

The types of awards that may be granted under the Restated 1995 Plan include stock options, stock appreciation rights, restricted stock, performance stock and other forms of awards granted or denominated in the Company's common stock or units of the Company's common stock.

As is customary in incentive plans of this nature, each share limit and the number and kind of shares available under the Restated 1995 Plan and any outstanding awards, as well as the exercise or purchase prices of awards, and performance targets under certain types of performance-based awards, are subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends, or other similar events that change the number or kind of shares outstanding, and extraordinary dividends or distributions of property to the stockholders.

### 1996 Directors' Stock Option Plan

The Board has previously adopted an amended and restated version of the Yahoo! Inc. 1996 Directors' Stock Option Plan (the "Restated Director Plan"). At the Company's annual stockholders meeting held on May 19, 2005, the Company's stockholders approved the Restated Director Plan. The Restated Director Plan reflects an amendment to the plan to extend the term of the plan until April 1, 2015.

The following summary of the Restated Director Plan is qualified in its entirety by reference to the text of the Restated Director Plan, which was previously filed as Annex B to the Company's proxy statement dated April 4, 2005.

The Board administers the Restated Director Plan. As administrator of the Restated Director Plan, the Board has broad authority under the Restated Director Plan to, among other things, determine the fair market value of a share of the Company's common stock and the exercise price of options granted under the Restated Director Plan, each in accordance with the terms of the Restated Director Plan, and to prescribe, amend and rescind rules relating to the Restated Director Plan.

The awards that may be granted under the Restated Director Plan are limited to stock options. Stock options may be granted under the Restated Director Plan only to members of the Board who are not officers or employees of the Company or of any parent or subsidiary of the Company ("Non-Employee Directors").

The maximum number of shares of the Company's common stock that may be issued or transferred pursuant to awards under the Restated Director Plan is 8,800,000.

The Restated Director Plan provides for the following award grants to Non-Employee Directors:

- Upon first being appointed or elected to the Board, a Non-Employee Director who has not previously served on the Board will be granted automatically a nonqualified stock option under the Restated Director Plan to purchase 100,000 shares of the Company's common stock (the "Initial Grant"); and
- Immediately following the Company's regular annual meeting of stockholders in each year during the term of the Restated Director Plan, each Non-Employee Director then in office will be granted automatically a nonqualified stock option under the Restated Director Plan to purchase 50,000 shares of the Company's common stock, provided the Non-Employee Director has been a member of the Board for at least six months as of the date of such annual meeting (a "Subsequent Grant").

The exercise price of each option granted pursuant to the Restated Director Plan is 100 percent of the fair market value of a share of the Company's common stock on the date of grant of the option. Each option granted pursuant to the Restated Director Plan has a maximum term of ten years from the date of grant of the option. The Initial Grant generally becomes exercisable as to 1/48th of the total number of shares subject thereto at the end of each month following the date of grant of the option. A Subsequent Grant generally becomes exercisable as to 25% of the total number of shares subject thereto on the first anniversary of the date of grant of the option and as to an additional 1/48th of the total number of shares subject thereto at the end of each month following such first anniversary.

As is customary in incentive plans of this nature, the share limit and the number and kind of shares available under the Restated Director Plan and any outstanding awards, as well as the exercise prices of awards, are subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends, or other similar events that change the number or kind of shares outstanding, and extraordinary dividends or distributions of property to the stockholders.

## **Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

### (c) *Exhibits.*

- 10.1 Yahoo! Inc. Amended and Restated 1995 Stock Plan (incorporated by reference to Annex A to the Company's definitive proxy statement filed on April 4, 2005)
- 10.2 Form of Stock Option Agreement
- 10.3 Form of Restricted Stock Award Agreement
- 10.4 Yahoo! Inc. Amended and Restated 1996 Directors' Stock Option Plan (incorporated by reference to Annex B to the Company's definitive proxy statement filed on April 4, 2005)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

YAHOO! INC.

Date: May 25, 2005

By: /s/ Michael J. Callahan  
Michael J. Callahan  
Senior Vice President,  
General Counsel and Secretary

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Yahoo! Inc.

Index to Exhibits

<u>Exhibit Number</u>	<u>Descriptions</u>
10.1	Yahoo! Inc. Amended and Restated 1995 Stock Plan (incorporated by reference to Annex A to the Company's definitive proxy statement filed on April 4, 2005)
10.2	Form of Stock Option Agreement
10.3	Form of Restricted Stock Award Agreement
10.4	Yahoo! Inc. Amended and Restated 1996 Directors' Stock Option Plan (incorporated by reference to Annex B to the Company's definitive proxy statement filed on April 4, 2005)

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## YAHOO! INC.

## STOCK OPTION AGREEMENT

1. *Grant of Option.* Yahoo! Inc., a Delaware corporation (the “Company”), hereby grants to the Optionee named in the Notice of Grant (the “Optionee”), an option (the “Option”) to purchase the total number of shares of Common Stock (the “Shares”) set forth in the Notice of Grant, at the exercise price per share set forth in the Notice of Grant (the “Exercise Price”) subject to the terms, definitions and provisions of the 1995 Stock Plan, as amended (the “Plan”), adopted by the Company, which is incorporated in this Agreement by reference. In the event of a conflict between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall govern. Unless otherwise defined in this Agreement, the terms used in this Agreement shall have the meanings defined in the Plan.

If designated as an Incentive Stock Option in the Notice of Grant, this Option is intended to qualify as an “incentive stock option” as such term is defined in Section 422 of the Code.

2. *Exercise of Option.* This Option shall be exercisable during its term in accordance with the Exercise Schedule set forth in the Notice of Grant (the “Exercise Schedule”) and with the provisions of Sections 9 and 10 of the Plan as follows:
- (i) *Right to Exercise.*
    - (a) This Option may not be exercised for a fraction of a share.
    - (b) In the event of the Optionee’s death, disability or other termination of employment, the exercisability of the Option is governed by Sections 6, 7 and 8 below, subject to the limitations contained in Sections 2(i)(c) and (d).
    - (c) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in the Notice of Grant.
    - (d) If designated as an Incentive Stock Option in the Notice of Grant, in the event that this Option becomes exercisable at a time or times which, when this Option is aggregated with all other incentive stock options granted to the Optionee by the Company or any Parent or Subsidiary, would result in Shares having an aggregate fair market value (determined for each Share as of the Date of Grant of the option covering such Share) in excess of \$100,000 becoming first available for purchase upon exercise of one or more incentive stock options during any calendar year, the amount in excess of \$100,000 shall be treated as a Nonstatutory Stock Option, pursuant to Section 5(b) of the Plan.

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- (ii) *Method of Exercise.*
  - (a) This Option shall be exercisable by delivering notice to the Company or a broker designated by the Company in such form and through such delivery method as shall be acceptable to the Company (including in the form attached as Exhibit A or such other form as may from time to time be approved by the Administrator) or the designated broker, as appropriate (the “Exercise Notice”). The Exercise Notice shall specify the election to exercise the Option and the number of Shares in respect of which the Option is being exercised, shall include such other representations and agreements as to the holder’s investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan and applicable law, and shall be accompanied by payment of the Exercise Price. This Option shall be deemed to be exercised upon receipt by the Company or the designated broker of such notice accompanied by the Exercise Price.
  - (b) As a condition to the exercise of this Option, the Optionee agrees to make adequate provision for federal, state or other tax withholding obligations, if any, which arise upon the exercise of the Option or disposition of Shares, whether by withholding, direct payment to the Company, or otherwise.
  - (c) No Shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any Stock Exchange. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

3. *Continuance of Employment/Service Required.* The Exercise Schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Optionee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Sections 6, 7 and 8 below or under the Plan.

4. *Method of Payment.* Payment of the Exercise Price shall be by any of, or a combination of, the following methods at the election of the Optionee: (i) cash; (ii) check; (iii) surrender of other shares of Common Stock of the Company which (a) either have been owned by the Optionee for more than six (6) months on the date of surrender or were not acquired, directly or indirectly, from the Company, and (b) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised; or (iv) delivery of a properly executed Exercise Notice together with irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the exercise price; provided

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that the Administrator may from time to time limit the availability of any non-cash payment alternative.

5. *Restrictions on Exercise.* This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, including any rule under Part 207 of Title 12 of the Code of Federal Regulations (“Regulation G”) as promulgated by the Federal Reserve Board. As a condition to the exercise of this Option, the Company may require the Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.
6. *Termination of Relationship.* In the event of termination of the Optionee’s Continuous Status as an Employee or Consultant, the Optionee may, to the extent otherwise so entitled at the date of such termination (the “Termination Date”), exercise this Option during the Termination Period set out in the Notice of Grant. To the extent that the Optionee was not entitled to exercise this Option at the date of such termination, or if the Optionee does not exercise this Option within the time specified in the Notice of Grant, the Option shall terminate. Further, to the extent allowed by applicable law, if the Optionee is indebted to the Company on the date of termination, the Optionee’s right to exercise this Option shall be suspended until such time as the Optionee satisfies in full any such indebtedness.
7. *Disability of Optionee.* Notwithstanding the provisions of Section 6 above, in the event of termination of the Optionee’s Continuous Status as an Employee or Consultant as a result of Total Disability, the Optionee may, but only within twelve (12) months from the date of termination of employment (but in no event later than the date of expiration of the term of this Option as set forth in Section 10 below), exercise the Option to the extent otherwise so entitled at the date of such termination. To the extent that the Optionee was not entitled to exercise the Option at the date of termination, or if the Optionee does not exercise such Option (to the extent otherwise so entitled) within the time specified in this Agreement, the Option shall terminate.
8. *Death of Optionee.* In the event of the death of the Optionee:
  - (i) during the term of this Option and while an Employee or Consultant of the Company and having been in Continuous Status as an Employee or Consultant since the date of grant of the Option, the Option may be exercised, at any time within six (6) months following the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 10 below), by the Optionee’s estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had the Optionee continued living and remained in Continuous Status as an Employee or Consultant six (6) months after the date of death, subject to the limitation contained in Section 2(i)(d) above in the case of an Incentive Stock Option; or

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- (ii) within thirty (30) days after the termination of the Optionee’s Continuous Status as an Employee or Consultant, the Option may be exercised, at any time within six (6) months following the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 10 below), by the Optionee’s estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.
9. *Non-Transferability of Option.* This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution. The designation of a beneficiary does not constitute a transfer. This Option may be exercised during the lifetime of the Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.
10. *Term of Option.* This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.
11. *No Additional Employment Rights.* The Optionee understands and agrees that the vesting of Shares pursuant to the Exercise Schedule is earned only by continuing as an Employee or Consultant at the will of the Company (not through the act of being hired, being granted this Option or acquiring Shares under this Agreement). The Optionee further acknowledges and agrees that nothing in this Agreement, nor in the Plan which is incorporated in this Agreement by reference, shall confer upon the Optionee any right with respect to continuation as an Employee or Consultant with the Company, nor shall it interfere in any way with his or her right or the Company’s right to terminate his or her employment or consulting relationship at any time, with or without cause.
12. *Notice of Disqualifying Disposition of Incentive Stock Option Shares.* If the Option granted to the Optionee in this Agreement is an Incentive Stock Option, and if the Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the Incentive Stock Option on or before the later of (a) the date two years after the Date of Grant, or (b) the date one year after transfer of such Shares to the Optionee upon exercise of the Incentive Stock Option, the Optionee shall notify the Company in writing within thirty (30) days after the date of any such disposition. The Optionee agrees that the Optionee may be subject to the tax withholding provisions of Section 13 below in connection with such sale or disposition of such Shares.
13. *Tax Withholding.* The Optionee shall pay to the Company promptly upon request, and in any event at the time the Optionee recognizes taxable income in respect of the Option, an amount equal to the taxes the Company determines it is required to withhold under applicable tax laws with respect to the Option. Such payment may be made by any of, or a combination of, the following methods: (i) cash or check; (ii) out of the Optionee’s current compensation; (iii) surrender of other shares of Common Stock of the Company which (a) either have been owned by the Optionee for more than six (6) months as of the date of surrender or were not acquired, directly or indirectly, from the Company, and (b) have a Fair Market Value on the date of surrender equal to the amount required to be

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withheld; (iv) by electing to have the Company withhold from the Shares to be issued upon exercise of the Option that number of Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld or (v) delivery of a properly executed Exercise Notice together with irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the amount required to be withheld; provided that the Administrator may from time to time limit the availability of any non-cash payment alternative. For these purposes, the Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined (the “Tax Date”).

All elections by the Optionee to have Shares withheld to satisfy tax withholding obligations shall be made in writing in a form acceptable to the Administrator and shall be subject to the following restrictions:

- (i) the election must be made on or prior to the applicable Tax Date;
- (ii) once made, the election shall be irrevocable as to the particular Shares of the Option as to which the election is made;
- (iii) all elections shall be subject to the consent or disapproval of the Administrator;
- (iv) if the Optionee is subject to Section 16 of the Exchange Act, the election must comply with the applicable provisions of Rule 16b-3 promulgated under the Exchange Act and shall be subject to such additional conditions or restrictions as may be required thereunder to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

14 *Notices.* Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed, in the case of the Company to both the Chief Financial Officer and the General Counsel of the Company at the principal office of the Company and, in the case of the Optionee, to the Optionee's address appearing on the books of the Company or to the Optionee's residence or to such other address as may be designated in writing by the Optionee.

15. *Bound by Plan.* By signing this Agreement, the Optionee acknowledges that he/she has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

16. *Successors.* The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and of the Optionee and the beneficiaries, executors, administrators, heirs and successors of the Optionee.

17. *Invalid Provision.* The invalidity or unenforceability of any particular provision thereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

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18 *Entire Agreement.* This Agreement, the Notice of Grant and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

19. *Governing Law.* This Agreement and the rights of the Optionee hereunder shall be construed and determined in accordance with the laws of the State of Delaware.

20. *Headings.* The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

21. *Signature.* This Agreement shall be deemed executed by the Company and the Optionee upon execution by such parties of the Notice of Grant attached to this Agreement.

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## EXHIBIT A

### NOTICE OF EXERCISE

To: Yahoo! Inc.  
Attn: Chief Financial Officer  
Subject: *Notice of Intention to Exercise Stock Option*

This is official notice that the undersigned ("Optionee") intends to exercise Optionee's option to purchase \_\_\_\_\_ shares of Yahoo! Inc. Common Stock, under and pursuant to the Company's 1995 Stock Plan, as amended, and the Stock Option Agreement attached, as follows:

Number of Shares: \_\_\_\_\_

Vesting Commencement Date: \_\_\_\_\_

Date of Purchase: \_\_\_\_\_

Purchase Price: \_\_\_\_\_

Social Security No: \_\_\_\_\_

The shares should be issued as follows:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

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**YAHOO! INC.**  
**1995 STOCK PLAN**  
**(AS AMENDED AND RESTATED MAY 19, 2005)**  
**RESTRICTED STOCK AWARD AGREEMENT**

THIS RESTRICTED STOCK AWARD AGREEMENT, (the "Agreement"), dated as of \_\_\_\_\_, 2005 (the "Date of Grant"), is made by and between Yahoo! Inc., a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Grantee").

WHEREAS, the Company has adopted the Yahoo! Inc. 1995 Stock Plan, as amended (the "Plan"), pursuant to which the Company may grant Restricted Stock;

WHEREAS, the Company desires to grant to the Grantee the number of shares of Restricted Stock provided for herein;

NOW, THEREFORE, in consideration of the recitals and the mutual agreements herein contained, the parties hereto agree as follows:

**Section 1. Grant of Restricted Stock Award**

(a) *Grant of Restricted Stock.* The Company hereby grants to the Grantee \_\_\_\_\_ shares of Restricted Stock (the "Award") on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan.

(b) *Incorporation of Plan; Capitalized Terms.* The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Administrator shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations thereunder, and its decision shall be binding and conclusive upon the Grantee and his/her legal representative in respect of any questions arising under the Plan or this Agreement.

**Section 2. Terms and Conditions of Award**

The grant of Restricted Stock provided in Section 1(a) shall be subject to the following terms, conditions and restrictions:

(a) *Ownership of Shares.* Subject to the restrictions set forth in the Plan and this Agreement, the Grantee shall possess all incidents of ownership of the Restricted Stock granted hereunder, including the right to receive or reinvest dividends with respect to such Restricted Stock and the right to vote such Restricted Stock.

(b) *Restrictions.* Restricted Stock and any interest therein, may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of

descent and distribution, during the Restricted Period. Any attempt to dispose of any Restricted Stock in contravention of the above restriction shall be null and void and without effect.

(c) *Certificate; Book Entry Form; Legend.* The Company shall issue the shares of Restricted Stock either (i) in certificate form or (ii) in book entry form, registered in the name of the Grantee, with legends, or notations, as applicable, referring to the terms, conditions and restrictions applicable to the Award. Grantee agrees that any certificate issued for Restricted Stock prior to the lapse of any outstanding restrictions relating thereto shall be inscribed with the following legend:

This certificate and the shares of stock represented hereby are subject to the terms and conditions, including forfeiture provisions and restrictions against transfer (the "Restrictions"), contained in the Yahoo! Inc. 1995 Stock Plan, as amended, and an agreement entered into between the registered owner and the Company. Any attempt to dispose of these shares in contravention of the Restrictions, including by way of sale, assignment, transfer, pledge, hypothecation or otherwise, shall be null and void and without effect.

(d) *Lapse of Restrictions.* [Except as may be otherwise provided herein, the restrictions on transfer set forth in Section 2(b) shall lapse with respect to all of the shares of Restricted Stock subject to the Award on the third anniversary of the Date of Grant.]

[Except as may otherwise be provided herein, the restrictions on transfer set forth in Section 2(b) shall lapse with respect to all of the shares of Restricted Stock subject to the Award upon the satisfaction of the performance-based objectives and conditions set forth on Exhibit A hereto. Notwithstanding anything to the contrary in this Section 2(d), in no event shall any such restrictions lapse prior to the first anniversary of the Date of Grant.]

Upon the lapse of restrictions relating to any shares of Restricted Stock, the Company shall, as applicable, either remove the notations on any such shares of Restricted Stock issued in book-entry form or deliver to the Grantee or the Grantee's personal representative a stock certificate representing a number of shares of Common Stock, free of the restrictive legend described in Section 2(c), equal to the number of shares of Restricted Stock with respect to which such restrictions have lapsed. If certificates representing such Restricted Stock shall have theretofore been delivered to the Grantee, such certificates shall be returned to the Company, complete with any necessary signatures or instruments of transfer prior to the issuance by the Company of such unlegended shares of Common Stock.

(e) *Termination of Employment.* Notwithstanding Section 2(b), in the event of the termination of Grantee's employment or service with the Company, Parent, Subsidiary or any Affiliate for any reason prior to the lapsing of restrictions in accordance with Section 2(d) with respect to any portion of the Restricted Stock granted hereunder, such portion of the Restricted Stock held by the Grantee shall be automatically forfeited by the Grantee as of the date of termination.<sup>(1)</sup>



(1) [In accordance with Section 11(b)(i) of the Plan, the Administrator may provide, in its sole discretion, that upon the termination of the Grantee's Continuous Status as an Employee or Consultant (i) without Cause, (ii) by the Grantee for Good Reason, or (iii) due to the Grantee's death or Total Disability, the restrictions on transfer of the shares of Restricted Stock set forth in Section 2(b) shall be deemed to have fully or partially lapsed, and the Award shall be non-forfeitable with respect to such shares as of the date of such termination.] **[Time-based awards only.]**

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Shares of Restricted Stock forfeited pursuant to this Section 2(e) shall be transferred to, and reacquired by, the Company without payment of any consideration by the Company, and neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such shares. If certificates for any such shares containing restrictive legends shall have theretofore been delivered to the Grantee (or his/her legatees or personal representative), such certificates shall be returned to the Company, complete with any necessary signatures or instruments of transfer.

(f) *Corporate Transactions.* The following provisions shall apply to the corporate transactions described below:

(i) In the event of a proposed dissolution or liquidation of the Company, the Award will terminate and be forfeited immediately prior to the consummation of such proposed transaction, unless otherwise provided by the Administrator.

(ii) In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, the Award shall be assumed or substituted with an equivalent award by such successor corporation, parent or subsidiary of such successor corporation; provided that the Administrator may determine, in the exercise of its sole discretion, that in lieu of such assumption or substitution, the Award shall be vested and non-forfeitable and any conditions or restrictions on the Award shall lapse, as to all or any part of the Award, including Shares as to which the Award would not otherwise be non-forfeitable.

(g) *Income Taxes.* The Grantee shall pay to the Company promptly upon request, and in any event at the time the Grantee recognizes taxable income in respect of the Restricted Stock (whether in connection with the grant or vesting of the Restricted Stock, the making of an election under Section 83(b) of the Code in connection with the grant of the Restricted Stock as described in Section 2(h) below, or otherwise), an amount equal to the taxes the Company determines it is required to withhold under applicable tax laws with respect to the Restricted Stock. Such payment may be made by any of, or a combination of, the following methods: (i) cash or check; (ii) out of the Grantee's current compensation; (iii) if permitted by the Administrator in its discretion, surrender of other shares of Common Stock of the Company which (a) either have been owned by the Grantee for more than six (6) months as of the date of surrender or were not acquired, directly or indirectly, from the Company, and (b) have a Fair Market Value on the date of surrender equal to the amount required to be withheld; or (iv) if permitted by the Administrator in its discretion, by electing to have the Company withhold or otherwise reacquire from the Grantee Shares of Restricted Stock that vest pursuant to the terms hereof having a Fair Market Value equal to the minimum statutory amount required to be withheld in connection with the vesting of such Shares. For these purposes, the Fair Market

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Value of the Shares to be withheld or repurchased, as applicable, shall be determined on the date that the amount of tax to be withheld is to be determined (the "Tax Date").

All elections by the Grantee to have Shares withheld or repurchased to satisfy tax withholding obligations shall be made in writing in a form acceptable to the Administrator and shall be subject to the following restrictions:

- (i) the election must be made on or prior to the applicable Tax Date;
- (ii) once made, the election shall be irrevocable as to the particular Shares as to which the election is made;
- (iii) all elections shall be subject to the consent or disapproval of the Administrator; and
- (iv) if the Grantee is subject to Section 16 of the Exchange Act, the election must comply with the applicable provisions of Rule 16b-3 promulgated under the Exchange Act and shall be subject to such additional conditions or restrictions as may be required thereunder to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

(h) *Section 83(b) Election.* The Grantee hereby acknowledges that he or she may file an election pursuant to Section 83(b) of the Code to be taxed currently on the fair market value of the shares of Restricted Stock (less any purchase price paid for the shares), provided that such election must be filed with the Internal Revenue Service no later than thirty (30) days after the grant of such Restricted Stock. The Grantee will seek the advice of his or her own tax advisors as to the advisability of making such a Section 83(b) election, the potential consequences of making such an election, the requirements for making such an election, and the other tax consequences of the Restricted Stock award under federal, state, and any other laws that may be applicable. The Company and its affiliates and agents have not and are not providing any tax advice to the Grantee.

### Section 3. **Miscellaneous**

(a) *Notices.* Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed, in the case of the Company to both the Chief Financial Officer and the General Counsel of the Company at the principal office of the Company and, in the case of the Grantee, to the Grantee's address appearing on the books of the Company or to the Grantee's residence or to such other address as may be designated in writing by the Grantee.

(b) *No Right to Continued Employment.* Nothing in the Plan or in this Agreement shall confer upon the Grantee any right to continue in the employ of the Company, a Parent, a Subsidiary or any Affiliate or shall interfere with or restrict in any way the right of the Company, Parent, Subsidiary or any Affiliate, which is hereby expressly reserved, to remove, terminate or

discharge the Grantee at any time for any reason whatsoever, with or without Cause and with or without advance notice.

(c) *Bound by Plan.* By signing this Agreement, the Grantee acknowledges that he/she has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

(d) *Successors.* The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

(e) *Invalid Provision.* The invalidity or unenforceability of any particular provision thereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

(f) *Modifications.* No change, modification or waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

(g) *Entire Agreement.* This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

(h) *Governing Law.* This Agreement and the rights of the Grantee hereunder shall be construed and determined in accordance with the laws of the State of Delaware.

(i) *Headings.* The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(j) *Counterparts.* This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

YAHOO! INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

[Insert Name]

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A**

**PERFORMANCE-BASED OBJECTIVES AND CONDITIONS**