
**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): September 21, 2012

Yahoo! Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-28018
(Commission
File Number)

77-0398689
(I.R.S. 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

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation 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))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On September 21, 2012, the Board of Directors (the “Board”) of Yahoo! Inc. (the “Company”) appointed Kenneth Goldman, 63, to serve as Chief Financial Officer of the Company, effective October 22, 2012. There are no arrangements or understandings between Mr. Goldman and any other persons pursuant to which he was selected as Chief Financial Officer. There are also no family relationships between Mr. Goldman and any director or executive officer of the Company and he has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Prior to joining the Company, Mr. Goldman served as Vice President and Chief Financial Officer of Fortinet Inc., a provider of unified threat management solutions, from September 2007. From November 2006 to August 2007, Mr. Goldman served as Executive Vice President and Chief Financial Officer of Dexterra, Inc., a provider of mobile enterprise software. From August 2000 until March 2006, Mr. Goldman served as Senior Vice President, Finance and Administration, and Chief Financial Officer of Siebel Systems, Inc., a supplier of customer software solutions and services which was acquired by Oracle Corporation in January 2006. Mr. Goldman serves on the board of directors of Infinera Corporation, a provider of digital optical networking systems, and NXP Semiconductors N.V., a semiconductor company. Mr. Goldman is also a member of the board of trustees of Cornell University. Mr. Goldman holds a B.S. from Cornell University and an M.B.A. from Harvard Business School.

Employment Offer Letter

The Company entered into an employment offer letter dated September 23, 2012 (the “Agreement”) with Mr. Goldman. The Agreement has no specified term, and Mr. Goldman’s employment with the Company will be on an at-will basis. The material terms of the Agreement are summarized below.

Base Salary and Bonus. Mr. Goldman will receive an annual base salary of \$600,000 and will be eligible for an annual bonus under the Company’s Executive Incentive Plan with a target amount of 90% of base salary. Both base salary and bonus are subject to annual review.

Restricted Stock Units (Vesting over 4 years). Mr. Goldman will receive restricted stock units with a target valuation of \$6,000,000. The restricted stock units will vest over four years, with one-fourth of the restricted stock units vesting on the first anniversary of the grant date, and the remainder in equal monthly installments. The restricted stock units will be granted on October 25, 2012 (the next regularly scheduled grant date) and the number of restricted stock units granted will be based on the Company’s stock price on the grant date.

Performance Stock Options (Vesting over 3 years). Mr. Goldman will receive performance-based stock options with a target valuation of \$6,000,000. The number of stock options granted will be calculated on the date of grant (expected to be November 26, 2012) in accordance with the Company’s option valuation practices. The stock options will vest 1/3 on January 26 of each of 2014, 2015 and 2016, subject to performance-based vesting requirements which will be established by the compensation committee of the board of directors at the time of grant.

Make-Whole Restricted Stock Units (Vesting over 1 year). To compensate Mr. Goldman for forfeiture of compensation from his previous employer, he will receive a grant of 76,000 restricted stock units (the “Make-Whole RSUs”). The Make-Whole RSUs will be granted on October 25, 2012 and will vest on a monthly basis over the 12 months following the grant date.

Severance Terms. Mr. Goldman will be eligible for severance benefits comparable to other executives at his level.

Other Benefits. Mr. Goldman will be eligible to participate in the benefit programs generally available to senior executives of the Company. He will be entitled to 20 days of vacation per year.

Mr. Goldman's bonuses and equity grants will be subject to the Company's "clawback" policies as in effect from time to time.

The foregoing description of the Agreement is qualified in its entirety by reference to the full text of the Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated by reference herein. The Company also intends to enter into its standard form indemnification agreement with Mr. Goldman, which is filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2009 and is incorporated by reference herein.

Departure of Directors or Certain Officers

Effective October 22, 2012, Timothy R. Morse will no longer serve as Chief Financial Officer of the Company.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Employment Offer Letter, dated September 23, 2012, between Yahoo! Inc. and Kenneth Goldman

SIGNATURE

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 hereunto duly authorized.

YAHOO! INC.
(Registrant)

By: /s/ Ronald S. Bell

Name: Ronald S. Bell

Title: General Counsel and Secretary

Date: September 25, 2012

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	Employment Offer Letter, dated September 23, 2012, between Yahoo! Inc. and Kenneth Goldman



September 23, 2012

Ken Goldman

Dear Ken:

On behalf of Yahoo! Inc. ("Yahoo!" or the "Company"), I am pleased to offer you the position of Chief Financial Officer, reporting to Marissa Mayer, working in Sunnyvale. Your appointment is subject to approval by the Company's Board of Directors and your compensation package as outlined herein is subject to approval of the Compensation and Leadership Development Committee of the Board of Directors ("Compensation Committee"). For purposes of this letter, your first day of work at Yahoo! will be considered your "Employment Start Date."

Base Salary. Your starting annual base salary will be \$50,000 per month (\$600,000 annually), less applicable taxes, deductions and withholdings, paid semi-monthly and subject to annual review. Yahoo!'s regularly scheduled pay days are currently on the 10th and 25th of every month.

Executive Incentive Plan. If your Employment Start Date is on or before October 1, 2012 (or if October 1 is on a weekend or holiday, the first business day thereafter), you also will be eligible to participate in the 2012 Executive Incentive Plan (EIP), with a target incentive of 90% of your annual base salary, pro-rated based on the period of time you are employed at Yahoo! in a EIP eligible position during the relevant company fiscal year, less applicable taxes, deductions, and withholdings. Target incentives do not constitute a promise of payment. Your actual EIP payout will depend on Yahoo! financial performance, and it is subject to, and governed by, the terms and requirements of the EIP plan document. Eligibility for participation in the EIP plan is subject to annual review.

In addition, subject to approval by the Compensation Committee, as a senior leader of Yahoo!, you will be eligible for consideration to receive long term performance-based incentive equity awards under the Yahoo! Inc. 1995 Stock Plan.

Restricted Stock Units. Management will recommend that the Compensation Committee grant you an award of Restricted Stock Units ("RSUs") with a target valuation of \$6,000,000. The RSUs will be granted on the first regularly scheduled grant date after your Employment Start Date ("Next Grant Date"). The number of RSUs granted shall be calculated on the Next Grant Date based on the Company's then-current stock price. The RSUs will vest over a four year period: 1/4 of the RSUs will vest on the 12 month anniversary of the date of grant, and 1/48 of the RSUs will vest monthly thereafter. Except as otherwise provided in this paragraph and as specifically approved by the Compensation Committee, the RSUs will be subject to the terms and conditions of Yahoo! Inc.'s 1995 Stock Plan, as amended, and the applicable RSU award agreement, and vesting of the RSUs is contingent on your continued employment with Yahoo! through each vesting date. Following the vesting of the RSUs, you will receive one share of Yahoo! Inc. common stock as payment for each vested RSU (subject to tax withholding).

Performance Stock Options. Management will recommend that the Compensation Committee grant you an award of performance-based options to purchase the Company's common stock with a target valuation of \$6,000,000 ("Stock Options"). The number of Stock Options shall be calculated on the date of grant (currently contemplated to be November 26, 2012) in accordance with the Company's option valuation practices. The Stock Options shall vest over a three year period: 1/3 of the Stock Options will vest on January 26th of each of 2014, 2015 and 2016 provided that, in each case, you are employed by the Company on the applicable vesting date and provided that you satisfy the performance criteria established by the Compensation Committee. Except as otherwise provided in this paragraph and as specifically approved by the Compensation Committee, the Stock Options will be subject to the terms and conditions of Yahoo! Inc.'s 1995 Stock Plan, as amended, and the applicable notice of stock option grant and stock option agreement.



Make-Whole Restricted Stock Units. To compensate you for the loss of financial incentives available to you in your prior position, management will also recommend that the Compensation Committee grant you a make-whole award of 76,000 Restricted Stock Units (“Make-Whole RSUs”). The Make-Whole RSUs will vest on an equal monthly basis over the first 12 months following the date of grant. Except as otherwise provided in this paragraph and as specifically approved by the Compensation Committee, the Make-Whole RSUs will be subject to the terms and conditions of Yahoo! Inc.’s 1995 Stock Plan, as amended, and the applicable RSU award agreement, and vesting of the Make-Whole RSUs is contingent on your continued employment with Yahoo! through each vesting date. Following the vesting of the Make-Whole RSUs, you will receive one share of Yahoo! Inc. common stock as payment for each vested RSU (subject to tax withholding).

Benefits. A significant part of your total compensation at Yahoo! is derived from the benefits that Yahoo! provides. Yahoo! provides a very competitive benefits package for its eligible full- and part-time employees. Eligible Yahoos may participate in Yahoo!’s health insurance benefits (medical, dental and vision), life insurance, short term and long term disability, the Employee Stock Purchase Plan, 401(k) Plan, and Yahoo!’s Flexible Spending Plan (Healthcare Reimbursement Account and/or Dependent Care Reimbursement Account). Yahoos working less than 40 hours per week may not be eligible for all benefit programs or certain benefits may be provided on a pro-rated basis. Please refer to benefit plan documents for eligibility. Of course, Yahoo! may change its benefits at any time. Prior to New Hire Orientation, you will be provided a website address and logon instructions to access detailed information about Yahoo! benefits programs, including the plan documents.

Paid Time Off. As a regular Yahoo, you will be eligible to accrue up to 20 days of vacation in your first year of employment (up to a maximum as specified in our Vacation Policy). Vacation is accrued based on hours worked, therefore Yahoos who work less than 40 hours per week accrue vacation on a pro-rata basis. In addition, Yahoo! currently provides eligible employees with fourteen (14) paid holidays each year.

Severance. In addition, as a senior leader of Yahoo!, you will be eligible for severance benefits comparable to other executives at your level.

Proprietary Agreement and No Conflict with Prior Agreements. As an employee of Yahoo!, it is likely that you will become knowledgeable about confidential and/or proprietary information related to the operations, products and services of Yahoo! and its clients. Similarly, you may have confidential or proprietary information from prior employers that should not be used or disclosed to anyone at Yahoo!. Therefore, Yahoo! requests that you read, complete, and sign the enclosed Employee Confidentiality and Assignment of Inventions Agreement (“Proprietary Agreement”) and the Proprietary Information Obligations Checklist and return it to Yahoo! prior to your Employment Start Date. In addition, Yahoo! requests that you comply with any existing and/or continuing contractual obligations that you may have with your former employers. By signing this offer letter, you represent that your employment with Yahoo! shall not breach any agreement you have with or obligations you owe to any third party.

Obligations. During your employment, you shall devote your full business efforts and time to Yahoo!. This obligation, however, shall not preclude you from engaging in appropriate civic, charitable or religious activities or from serving on the boards of directors of one or two companies that are not competitors to Yahoo!, as long the activities do not materially interfere or conflict with your responsibilities to or your ability to perform your duties of employment at Yahoo!. Any outside activities must be in compliance with and approved if required by Yahoo!’s Code of Ethics.

Non-competition. In addition to the obligations specified in the Proprietary Agreement, you agree that, during your employment with Yahoo! you will not engage in, or have any direct or indirect interest in any person, firm, corporation or business (whether as an employee, officer, director, agent, security holder, creditor, consultant, partner or otherwise) that is competitive with the business of Yahoo!, including, without limitation, any then-current activities relating to providing Internet navigational products or services and any then-current activities providing search, e-mail, chat, e-commerce, instant messaging, content (e.g., music, video), ISP (e.g., connectivity, bandwidth or storage) or other Internet-based delivery or functionality. Notwithstanding the preceding sentence, you may own not more than 1% of the securities of any company whose securities are publicly traded.



Employment At-Will. Please understand that this letter does not constitute a contract of employment for any specific period of time, but will create an employment at-will relationship that may be terminated at any time by you or Yahoo!, with or without cause and with or without advance notice. The at-will nature of the employment relationship may not be modified or amended except by written agreement signed by Yahoo!'s Chief Executive Officer and you.

Code of Ethics and Yahoo! Policies. Yahoo! is committed to creating a positive work environment and conducting business ethically. As an employee of Yahoo!, you will be expected to abide by the Company's policies and procedures including, but not limited to, Yahoo!'s human resources policies and Yahoo!'s Code of Ethics.

Entire Agreement. This offer letter and the referenced documents and agreements constitute the entire agreement between you and Yahoo! with respect to the subject matter hereof and supersede any and all prior or contemporaneous oral or written representations, understandings, agreements or communications between you and Yahoo! concerning those subject matters.

Eligibility to Work in the United States. In order for Yahoo! to comply with United States law, we ask that on your Employment Start Date you bring to Yahoo! appropriate documentation to verify your authorization to work in the United States. Yahoo! may not employ anyone who cannot provide documentation showing that they are legally authorized to work in the United States.

Foreign National Export License. Before releasing certain export-controlled technology and software to you during your employment at Yahoo!, Yahoo! may be required to obtain an export license in accordance with United States law. Yahoo! will inform you if an export license is needed. If an export license is required, then this offer of employment and/or your continued employment (if applicable) with Yahoo! is contingent upon receipt of the export license or authorization, and Yahoo! will have no obligation to employ you or provide you with any compensation or benefits until the export license or authorization is secured.

Background Check. Please understand that this offer is contingent upon the successful completion of your background check. You represent that all information provided to Yahoo! or its agents with regard to your background is true and correct.

Accepting this Offer. We're really excited to have you on our team and can't wait to receive your acceptance by 5:00 p.m. (PST) on September 24, 2012. This offer is contingent on you starting employment at Yahoo! on or before October 22nd or a date mutually agreed upon between you and Yahoo!.

To accept this offer, please sign this letter in the space provided below and **scan and email** the following signed documents to Ron Johnstone at ronj@yahoo-inc.com.

- Offer Letter
- Employee Confidentiality and Assignment of Inventions Agreement (NDA)



We can't wait to start working with you and hope that you'll find working at Yahoo! one of the most rewarding experiences of your life, both professionally and personally.

Start practicing your yodel!

/s/ Marissa A. Mayer

Marissa A. Mayer
CEO

I accept this offer of employment with Yahoo! Inc. and agree to the terms and conditions outlined in this letter.

/s/ Ken Goldman

Signature

Ken Goldman

9/23/12

Date

10/22/12

Planned Employment Start Date

(Contingent upon completion of a satisfactory background check.)

Enclosure

cc: HR file