
**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): February 28, 2013

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.

Compensatory Arrangements of Certain Officers

On February 28, 2013, the Compensation and Leadership Development Committee of the Board of Directors (the “Compensation Committee”) of Yahoo! Inc. (the “Company”) approved certain compensation arrangements for the Company’s executive officers, including its Chief Executive Officer and Chief Financial Officer.

2012 Annual Cash Bonuses

The Compensation Committee approved 2012 annual cash bonuses for Marissa A. Mayer, the Company’s Chief Executive Officer, and Ken Goldman, the Company’s Chief Financial Officer. Ms. Mayer received an annual cash bonus of \$1,120,000 for 2012, under the Company’s 2012 annual cash bonus plan for senior executives (the “2012 Executive Incentive Plan”). As provided in the 2012 Executive Incentive Plan, Ms. Mayer’s bonus was determined based on the Company’s performance relative to goals established by the Committee in early 2012 for ex-TAC operating margin and revenue ex-TAC growth rate for 2012 (in each case as defined in, and subject to certain adjustments as set forth in, the 2012 Executive Incentive Plan). Ms. Mayer’s 2012 bonus was pro-rated based on her mid-year date of hire. Mr. Goldman was not eligible for a bonus under the 2012 Executive Incentive Plan because he joined the Company after October 1, 2012. The Compensation Committee awarded Mr. Goldman a discretionary bonus of \$100,000 for his contributions since joining the Company.

2013 Executive Incentive Plan

The Compensation Committee also approved a new annual cash bonus plan for senior executives for 2013 (the “2013 Executive Incentive Plan”). Each participant in the plan is assigned a target bonus each year that is expressed as a percentage of the participant’s annual base salary. A participant’s bonus payout will be determined by multiplying the participant’s target bonus by a performance factor determined based on the Company’s performance and, if the Compensation Committee so determines, the participant’s individual performance. Actual bonuses may range from 0 percent (no bonus) to 200 percent of the participant’s target bonus. For 2013, the metrics used to determine the Company’s performance will be revenue ex-TAC, operating income and free cash flow, in each case subject to certain adjustments determined by the Compensation Committee, as well as a variety of operational goals. No minimum payment is required under the plan. The Compensation Committee also retains discretion under the plan to reduce (including to 0) the amount of any bonus otherwise payable to a participant as determined based on performance. The foregoing summary of the 2013 Executive Incentive Plan is qualified in its entirety by the provisions of the plan document attached as Exhibit 10.1.

The following table sets forth the 2013 Executive Incentive Plan target bonus percentage, expressed as a percentage of the participant’s annual base salary, for the Company’s Chief Executive Officer and Chief Financial Officer:

<u>Name and Principal Position</u>	<u>2013 Target Bonus (% of Base Salary)</u>
Marissa A. Mayer Chief Executive Officer	200%
Ken Goldman Chief Financial Officer	90%

Base Salary

No changes were made to the annual base salaries of Ms. Mayer or Mr. Goldman. Ms. Mayer's base salary remains \$1 million per year. Mr. Goldman's base salary remains \$600,000 per year.

Long-Term Equity Award Program

In addition, the Compensation Committee approved the grant of annual equity awards for 2013 to the Company's senior executives, including Ms. Mayer and Mr. Goldman. The awards were in the form of restricted stock units. All of the restricted stock units vest over four years (or three years in the case of the Chief Executive Officer). Half the restricted stock units awarded to each executive (the "Performance RSUs") are also subject to performance-based vesting requirements in each year. The performance metrics and goals for the Performance RSUs will be set on an annual basis and have been set for 2013. The metrics used to measure the Company's performance for 2013 for purposes of the awards will be the Company's revenue ex-TAC, operating income and free cash flow.

Severance Agreements

Both Ms. Mayer's and Mr. Goldman's employment offer letters with the Company provided that if their employment terminates in certain circumstances, the Company would offer them severance benefits similar to the benefits it provides to other senior executives of the Company. The Compensation Committee approved an updated form of severance agreement for the Company's senior executives. The Compensation Committee also approved the Company entering into severance agreements with Ms. Mayer and with Mr. Goldman to provide them similar benefits should their employment terminate, consistent with the intent of their respective employment offer letters.

Pursuant to the severance agreements to be entered into with each of Ms. Mayer and Mr. Goldman, if the executive's employment is terminated by the Company without cause, and the executive provides the Company with a release of claims, the executive will be entitled to a severance benefit consisting of (1) one year of base salary, (2) one year's target annual bonus, (3) if the termination occurs after the end of a fiscal year and before the Company's bonus payments for that fiscal year, the executive's bonus for the completed fiscal year, (4) if the termination occurs in 2013, a pro-rated bonus for 2013, and (5) payment equal to the premiums required to continue medical benefits under COBRA for up to twelve months after termination. In addition, in such circumstances the executive will have six months to exercise any vested Company stock options. In addition, if Mr. Goldman's employment is terminated by the Company without cause, or due to his death or disability, he will be entitled to accelerated vesting of certain Company equity awards that would otherwise vest in the six months following termination of his employment. Ms. Mayer's employment offer letter included certain provisions regarding the accelerated vesting of her equity awards. These provisions continue in effect. Each executive also continues to be covered by the Company's Change in Control Employee Severance Plan and will be entitled to benefits under that plan if greater than under the severance agreement.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Yahoo! Inc. Executive Incentive Plan for 2013.
10.2	Form of Performance Restricted Stock Unit Award Agreement for Executives, including the Notice of Grant, under the Yahoo! Inc. 1995 Stock Plan.
10.3	Form of Performance Restricted Stock Unit Award Agreement between the Company and Marissa A. Mayer, including the Notice of Grant, under the Yahoo! Inc. 1995 Stock Plan.
10.4	Form of Restricted Stock Unit Award Agreement for Executives, including the Notice of Grant, under the Yahoo! Inc. 1995 Stock Plan.
10.5	Form of Restricted Stock Unit Award Agreement between the Company and Marissa A. Mayer, including the Notice of Grant, under the Yahoo! Inc. 1995 Stock Plan.
10.6	Form of Severance Agreement.
10.7	Form of Severance Agreement between the Company and Marissa A. Mayer.

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: March 6, 2013

EXHIBIT INDEX

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Yahoo! Executive Incentive Plan

(February 2013)

I. Introduction

A. Applicability

1. Employees eligible to participate in the Yahoo! Inc. Executive Incentive Plan (the “Executive Incentive Plan” or “this Plan”) are those employees of Yahoo! Inc. and its subsidiaries (collectively, the “Company”) at job levels E4 and above (including EX). The Compensation Committee of Yahoo!’s Board of Directors (the “Compensation Committee”) has the sole discretion to determine whether the Executive Incentive Plan will be offered to any executive for whom the Compensation Committee sets the executive’s compensation level (an “Executive Officer”). Yahoo!’s Chief Executive Officer (“CEO”) or his or her designee will determine whether any other eligible person (other than an Executive Officer) is a participant. Participants will be notified in writing of their participation in this Plan for a particular fiscal year (any person so notified who, if required by the Compensation Committee or the CEO in the circumstances, timely accepts participation on a form provided by the Company, is referred to as a “Participant”). Participation in this Plan for any one fiscal year does not guarantee that the individual will be selected for participation in any other fiscal year.
2. The Compensation Committee reserves the right to amend, modify or terminate the Executive Incentive Plan, in whole or in part, at any time, in its sole discretion including, without limitation, to comply with applicable local law, rules and regulations; provided that, as to a Participant covered by the provisions of Section III as to a particular fiscal year, any such amendment as to such fiscal year as to such Participant will be consistent with the intent that the Participant’s bonus opportunity for that fiscal year qualify as performance-based compensation under Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”). The Compensation Committee may remove any individual (and the CEO may remove any individual other than an Executive Officer) from participation in the Executive Incentive Plan at any time.

B. Objectives of the Executive Incentive Plan

- To enhance the Company’s competitiveness and the Company’s ability to attract, motivate and retain top talent;
- To recognize the role of senior leadership in the success of the Company;
- To reward annual financial and individual performance that complements the Company’s longer-term strategic focus; and
- To encourage collaboration and teamwork across the Company.

II. Executive Incentive Plan Elements

A. Target Awards

A target cash bonus award (“Target Award”) will be established for each Participant. Target Awards are determined by position level and will be typically expressed as a percentage of a Participant’s annual base salary rate as of the last day of the applicable fiscal year, where such salary rate does not include other forms of compensation (such as,

without limitation, expense reimbursements, superannuation, bonus payments, long-term incentives, overtime compensation, and other variable compensation). Target Awards may also be a specified fixed dollar (or local currency) amount. Target Awards for Executive Officers may be reviewed and revised in the sole discretion of the Compensation Committee. Target Awards for other Participants may be reviewed and revised in the sole discretion of the CEO or his or her designee.

This Executive Incentive Plan and Target Awards do not constitute a guarantee of or entitlement to a bonus payment. A Participant's actual bonus payment may vary from his or her Target Award.

B. Executive Incentive Plan Bonuses

Company performance measures, and any related goals, objectives, and performance scales will be established for each fiscal year. Individual measures, goals, objectives and/or scales may also be established. Performance measures and other metrics may be the same for all Participants, or may differ from Participant to Participant. The Compensation Committee will establish any performance measures, goals, objectives and scales as to the Executive Officers. Any performance measures, goals, objectives and scales for other Participants will be established by the CEO or his or her designee.

Following the end of each fiscal year, a "Company Performance Factor" (indicating the extent of the corresponding Company performance goals and objectives attained) and, if applicable, an "Individual Performance Factor" (evaluating the individual's performance during the year including, if applicable, the individual's relative attainment of any individual performance goals and objectives) will be determined. Such determinations (including whether to include an Individual Performance Factor) shall be made by the Compensation Committee (as to the Executive Officers) or by the CEO or his or her designee (as to all other Participants).

A Participant's Executive Incentive Plan bonus for a particular fiscal year, subject to the other terms and conditions of this Plan, will equal the Participant's Target Award for that fiscal year multiplied by the Company Performance Factor for that fiscal year and multiplied by (if applicable) the Participant's Individual Performance Factor for that fiscal year.

Notwithstanding the foregoing provisions, the Compensation Committee (and, in the case of Participants other than Executive Officers, the CEO or his or her designee) retains discretion to reduce or eliminate the amount of any Executive Incentive Plan bonus otherwise payable.

Any Executive Incentive Plan bonus payable to a Participant under this Plan shall not be considered as "salary" in any circumstance and shall not be included in calculations for overtime pay, retirement benefits, severance, or any other benefits under any applicable plan, policy, agreement or applicable law.

III. ADDITIONAL INDIVIDUAL LIMIT FOR CERTAIN PARTICIPANTS

A. Section 162(m) Participants

The Compensation Committee may, within the first 90 days of a particular fiscal year (and, as to any fiscal year shorter than a whole calendar year, in all events during the first quarter of the fiscal year), designate one or more Executive Officers (or any other employee of the Company) participating in this Plan for that fiscal year to be a “Section 162(m) Participant.” A Section 162(m) Participant’s Executive Incentive Plan bonus for that fiscal year is (notwithstanding anything to the contrary above) subject to the limitations of this Section III. The intent of this Section III is to structure Executive Incentive Plan bonus opportunities for the Section 162(m) Participants to qualify as performance-based compensation within the meaning of Section 162(m) of the Code (“Section 162(m)”). Accordingly, the Executive Incentive Plan will be construed and interpreted consistent with that intent as to any Section 162(m) Participant for the fiscal year in question. As to the Section 162(m) Participants for a particular fiscal year, their Executive Incentive Plan bonus opportunities are structured as performance-based awards under Appendix A to the Yahoo! Inc. 1995 Stock Plan, as amended (the “1995 Plan”). Any determination contemplated by the Executive Incentive Plan as to a Section 162(m) Participant for the applicable fiscal year will be made by the Compensation Committee, and no Executive Incentive Plan bonus for a particular fiscal year may be paid to a Section 162(m) Participant unless and until the Compensation Committee certifies, by resolution or other appropriate action in writing, that the bonus is not more than the Participant’s maximum bonus determined pursuant to this Section III for that fiscal year and that any other material terms applicable to the bonus were in fact satisfied.

B. Maximum Bonus Amounts for Section 162(m) Participants

The maximum aggregate bonus pool for the Section 162(m) Participants for a particular fiscal year will equal 3% of Yahoo! Inc.’s Adjusted EBITDA for that fiscal year (the “Section 162(m) Bonus Pool”). “Adjusted EBITDA” is calculated as income from operations before depreciation, amortization and stock-based compensation expense, subject to adjustment as provided below. Within the first 90 days of the fiscal year (and, as to any fiscal year shorter than a whole calendar year, in all events during the first quarter of the fiscal year), the Compensation Committee will, as to each Section 162(m) Participant, establish the Participant’s maximum Executive Incentive Plan bonus for that fiscal year expressed as a percent of the Section 162(m) Bonus Pool for that fiscal year. (For example, if the Compensation Committee allocates 10% of the Section 162(m) Bonus Pool to a particular Section 162(m) Participant for a particular fiscal year, the Section 162(m) Participant’s maximum Executive Incentive Plan bonus for that fiscal year will equal 10% of 3% of Yahoo! Inc.’s Adjusted EBITDA for that fiscal year.) Notwithstanding the foregoing, in all cases a Section 162(m) Participant’s maximum Executive Incentive Plan bonus for a fiscal year will be subject to the limit of Section A.3 of the 1995 Plan. The Compensation Committee has discretion to reduce (but not increase) the maximum amount of a Section 162(m) Participant’s bonus determined pursuant to this Section III. For purposes of clarity, if the Compensation Committee exercises its discretion to reduce the maximum amount of any Executive Incentive Plan bonus (or any Executive Incentive Plan bonus is otherwise not paid at the maximum amount), the amount of the difference may not be allocated to any other Participant.

For purposes of calculating Adjusted EBITDA for a particular fiscal year, Adjusted EBITDA for that year shall be further adjusted (without duplication) for the following items to the extent such items were not included in the Financial Plan for that year:

- (a) increased or decreased to eliminate the financial statement impact of acquisitions and costs associated with such acquisitions and the costs incurred in connection with potential acquisitions that are required to be expensed under GAAP;
- (b) increased or decreased to eliminate the financial statement impact of divestitures and costs associated with such divestitures and the costs incurred in connection with potential divestitures that are required to be expensed under GAAP;
- (c) increased or decreased to eliminate the financial statement impact of financing costs or costs related to the restructuring of any of the Company's equity investments (that are accounted for under the equity method of accounting) that are required to be expensed under GAAP;
- (d) increased or decreased to eliminate the financial statement impact of any new changes in accounting standards announced during the year that are required to be applied during the year in accordance with GAAP;
- (e) increased or decreased to eliminate the financial statement impact of restructuring charges that are required to be expensed (or reversed) under GAAP;
- (f) increased or decreased to eliminate the financial statement impact of goodwill and intangible and other asset impairment charges that are required to be recorded under GAAP;
- (g) increased or decreased to eliminate the financial statement impact of legal settlements that have an impact on revenues or expenses under GAAP;
- (h) increased or decreased to eliminate the financial statement impact of exiting, or substantially altering the terms or basis of operation of, a specific country, property or offering;
- (i) increased or decreased to eliminate the financial statement impact of search costs to the extent such search costs are less than or exceed the estimated search costs expected to be paid or reimbursed by Microsoft reflected in the Financial Plan solely as a result of the Microsoft Transition occurring earlier or later than the implementation plan incorporated in the Financial Plan;
- (j) increased or decreased to eliminate the financial statement impact of Microsoft revenue sharing solely as a result of the Microsoft Transition occurring earlier or later than the implementation plan incorporated in the Financial Plan;
- (k) increased or decreased to eliminate the financial statement impact of changes in foreign exchange rates compared to the foreign exchange rates incorporated in the Financial Plan; and
- (l) increased or decreased to eliminate the financial statement impact of any change to the planned end date or calculation method of the revenue per search guarantee provided by Microsoft under the Search Agreement.

“Financial Plan” as to a particular fiscal year means Yahoo! Inc.’s financial plan for that fiscal year reviewed by the Board of Directors. “GAAP” means U.S. generally accepted accounting principles. “Microsoft Transition” means the global transition of Yahoo Inc.’s algorithmic and paid search platforms and migration of the company’s paid search advertisers and publishers to Microsoft Corporation (“Microsoft”) under the Search Agreement based on the company’s timetable and operational plans as of the date of the Financial Plan. “Search Agreement” means the Search and Advertising Services and Sales Agreement between Yahoo! Inc. and Microsoft.

IV. TERMS AND CONDITIONS

A. Executive Incentive Plan Effective Period

Each fiscal year covered by this Plan is the period from January 1 to December 31 of the applicable fiscal year. This Executive Incentive Plan supersedes all previous executive cash incentive plans, management incentive plans (MIP), or leadership bonus plans and agreements and all other previous or contemporaneous oral or written statements by the Company on this subject.

B. Date for Incentive Payments

Executive Incentive Plan bonuses paid under this Plan are not earned until paid and in all events remain subject to Section IV.M. It is a condition for Executive Incentive Plan eligibility that Participants must be employed, and to the extent permitted by applicable law, not under notice of termination given by the Company or the Participant (if applicable), on the payment date of the Executive Incentive Plan bonuses (except as otherwise provided below in Section I – Terminations of Employment). Payment will not occur until after financial results for the applicable fiscal year are determined by the Company and the year end review process for the applicable fiscal year is completed.

C. Form and Timing of Payment

If the conditions for payment described above are met, the Executive Incentive Plan bonus will be payable in a lump sum cash payment (in local currency), subject to required payroll deductions and tax withholdings no later than March 15 of the year following the end of the applicable fiscal year (except that, in the case of Participants not on the United States payroll of the Company at the start of the applicable fiscal year and who are not added to the United States payroll of the Company during the applicable fiscal year, payment will occur not later than March 31 of the year following the end of the applicable fiscal year).

D. New Hires

If an employee is hired on or before October 1 of the applicable fiscal year into a position that qualifies for the Executive Incentive Plan, the employee will participate in the Executive Incentive Plan only if the Company notifies the employee in writing that he or she is a Participant under the Executive Incentive Plan for that year. The employee’s Target Award amount for the fiscal year may be prorated based on the date of hire.

Employees who are hired after October 1 of the applicable fiscal year will not be considered Participants under the Executive Incentive Plan for that fiscal year.

E. Transfers

If a Participant transfers from one Executive Incentive Plan-eligible position to another during the applicable fiscal year, the following guidelines shall apply, except as otherwise determined by the Compensation Committee with respect to Executive Officers (or CEO or his or her designee with respect to non-Executive Officers):

- If the Participant has a different Target Award upon transfer, his/her annual Target Award amount shall be prorated based on the Target Award percentages for the amount of time spent in each position during the fiscal year.
- If a Participant transfers mid-year from an Executive Incentive Plan-eligible position to one that is not Executive Incentive Plan eligible (for example, a transition from a role that participates in the Executive Incentive Plan to a position that is covered by a sales incentive plan), the Compensation Committee with respect to Executive Officers (or the CEO or his or her designee with respect to non-Executive Officers), in its sole discretion, shall award the employee an Executive Incentive Plan bonus based on a prorated Executive Incentive Plan Target Award. Any such payment will be paid at the same time as other Executive Incentive Plan payments are paid.
- Executive Incentive Plan eligibility for employees participating in a global assignment during the applicable fiscal year will be handled on a case-by-case basis based on individual facts and circumstances.

The Compensation Committee with respect to Executive Officers (and the CEO or his or her designee with respect to non-Executive Officers) has the sole discretion to pro-rate, reduce, offset, or eliminate Executive Incentive Plan bonuses to account for advances or payouts to employees under other bonus plans in effect during the same fiscal year, or for other reasons as it deems appropriate.

F. Promotions into Executive Incentive Plan-Eligible Positions

If a Participant is promoted from one Executive Incentive Plan-eligible position to another during the applicable fiscal year, the payouts will be administered the same as described above for Transfers. If an employee is not in a position that is eligible for the Executive Incentive Plan and is promoted to an Executive Incentive Plan-eligible position during the applicable fiscal year, the Compensation Committee or the CEO or his or her designee as applicable, may select the employee for participation in the Executive Incentive Plan by notifying the employee that he or she is a Participant under the Executive Incentive Plan. The employee's Target Award amount for the fiscal year shall be prorated based on the date of the promotion.

G. Adjustments to Target Awards

The Compensation Committee in its sole discretion can approve adjustments to Target Awards for Executive Officers during the applicable fiscal year. The CEO or his or her designee in his or her sole discretion may approve adjustments to Target Awards for other Participants during the applicable fiscal year. Any such changes will be communicated to the Participant in writing. Any payout amount may be prorated based on the effective date of the change to the Target Award as determined by the Compensation Committee or the CEO or designee thereof, as applicable.

H. Leaves of Absence and Part-Time Employees

To the extent permitted by applicable law, the amount of the Executive Incentive Plan bonus may be prorated for Participants who have been on an approved leave of absence of more than 90 days during the fiscal year and for Participants who work less than full-time.

I. Terminations of Employment

To the extent permitted by applicable law, and except as otherwise approved by the Compensation Committee (or the CEO in the case of non-Executive Officer Participants), Participants whose employment is voluntarily or involuntarily terminated (with or without cause) by the Participant or the Company or are under notice of termination given by either party (if applicable) prior to the payment date of the Executive Incentive Plan bonus will not be eligible for and shall not receive any Executive Incentive Plan bonus.

Participants whose employment terminates due to the employee's total disability during the applicable fiscal year will be eligible for a prorated Executive Incentive Plan bonus, based on the date of termination, and paid at the time other Executive Incentive Plan bonuses are paid under the Executive Incentive Plan, to the extent permitted by applicable law. If a Participant dies during the applicable fiscal year, the Executive Incentive Plan bonus will be prorated based on the date of death and paid to the estate of the deceased Participant, at the time other Executive Incentive Plan bonuses are paid.

J. Executive Incentive Plan Interpretation

The Executive Incentive Plan shall be interpreted by the Compensation Committee. The Compensation Committee has the sole discretion to interpret or construe ambiguous, unclear or implied (but omitted) terms and shall resolve any and all questions regarding interpretation and/or administration.

Participants who have issues regarding payments or the administration of the Executive Incentive Plan may file a claim in writing to the Compensation Committee, c/o the Secretary of the Company, within 90 days of the date on which the Participant first knew (or should have known) of the facts on which the claim is based. The Compensation Committee or its designee(s) shall consider the claim and notify the Participant in writing of the determination and resolution of the issue. Claims that are not pursued through this procedure shall be treated as having been irrevocably waived. The determination of the Compensation Committee or its designee(s) as to any complaint or dispute will be final and binding and shall be upheld unless arbitrary or capricious or made in bad faith.

The provisions of this Executive Incentive Plan are severable and if any provision is held to be unenforceable by any court of competent jurisdiction then such unenforceability shall not affect the enforceability of the remaining Executive Incentive Plan provisions.

This Plan shall be construed and interpreted consistent with, and so as to avoid the imputation of any tax, penalty or interest under, Section 409A of the Code.

K. Exceptions and Modifications

All exceptions, adjustments, additions, or modifications to the Executive Incentive Plan require the written approval of the Compensation Committee, or its designee(s).

This version of the Executive Incentive Plan is first effective with respect to 2013. All aspects of the Executive Incentive Plan (including, but not limited to, financial targets, Target Awards, performance measures, and funding formulas) may be reviewed and revised at any time without advance notice in the sole discretion of the Compensation Committee.

L. Employment At-Will (U.S. Employees only)

The employment of all Participants in the United States is “at will” and is terminable by either the Participant or Yahoo! at any time, with or without advance notice and with or without cause. This Executive Incentive Plan shall not be construed to create a contract of employment for a specified period of time between Yahoo! and any U.S. Participant.

M. Recoupment

Notwithstanding any other provision herein, the recoupment or “clawback” policies adopted by the Compensation Committee and applicable to incentive awards, as such policies are in effect from time to time, shall apply to this Executive Incentive Plan and any bonuses paid or payable under this Executive Incentive Plan.

YAHOO! INC.

NOTICE OF RESTRICTED STOCK UNIT GRANT

[grantee name]
 [employee ID]
 [address]

You have been granted an award of Restricted Stock Units by Yahoo! Inc. (the "Company:") as follows:

Date of Grant: [Date]

Total Number of Restricted Stock Units Granted: [share number]

Type of RSU: U.S. Executive Performance RSU

Vesting Schedule:

<u>Shares</u>	<u>Vesting Date</u>
[#]	[Date]
[#]	[Date]
[#]	[Date]
[#]	[Date]

[INSERT IF APPLICABLE: This 'front loaded' grant represents # years of annual awards.]
 These RSUs are subject to performance-based vesting. The actual number of shares vesting will be 0% to 200% of the target amounts shown above depending on the achievement of performance goals and time-based vesting requirements as described in the award agreement. The vesting dates shown above are approximate.

Manner of Payment by Company: stock

Governing Documents: Performance RSU Award Agreement for U.S. Executives 1995 Stock Plan (the "Plan")

By your acceptance of this award through the Company's online acceptance procedure (or by your signature and the signature of the Company's representative below):

- you acknowledge receiving and reviewing the Governing Documents (listed above) and the Supplemental Documents (listed below);
- you agree that the Restricted Stock Units are granted under and governed by the terms and conditions of the Governing Documents and you agree to be bound by the terms of this Notice of Restricted Stock Unit Grant and the Governing Documents, all of which are hereby incorporated by reference into this Notice of Restricted Stock Unit Grant; and
- **you consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Governing Documents for the purpose of implementing, administering and managing your participation in the Plan.**

This Notice of Restricted Stock Unit Grant shall be construed and determined in accordance with the laws of the U.S. State of Delaware (without giving effect to the conflict of laws principles thereof) and shall be deemed to have been executed and delivered by the parties hereto as of the Date of Grant.

GRANTEE: YAHOO! INC.

[click here to accept] By: [Signature graphic]
Signature [Name of executive]

[grantee name] Title: [Title of executive]
Name

Supplemental Documents: U.S. Prospectus
Insider Trading Policy

**YAHOO! INC.
1995 STOCK PLAN**

**PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR U.S. EXECUTIVES**

Section 1. Grant of Restricted Stock Unit Award

- (a) *Grant of Restricted Stock Units ("RSUs").* Yahoo! Inc., a Delaware corporation (the "Company"), hereby grants to the grantee (the "Grantee") named in the Notice of Restricted Stock Unit Grant (the "Notice of Grant") the number of RSUs (such number, the "Target Number" of RSUs; and one-fourth of the Target Number being the "Annual Target Number" of RSUs for each "Performance Year" identified in Section 2(c)(i) hereof) set forth in the Notice of Grant, on the terms and conditions set forth in this Performance Restricted Stock Unit Award Agreement for U.S. Executives (this "Agreement") and as otherwise provided in the Yahoo! Inc. 1995 Stock Plan, as amended (the "Award").
- (b) *Incorporation of Plan; Capitalized Terms.* The provisions of the Yahoo! Inc. 1995 Stock Plan, as amended (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 RSUs provided in Section 1(a) shall be subject to the following terms, conditions and restrictions:

- (a) *Limitations on Rights Associated with RSUs.* The RSUs are bookkeeping entries only. The Grantee shall have no rights as a stockholder of the Company, no dividend rights and no voting rights with respect to the RSUs.
- (b) *Restrictions.* The RSUs 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. Any attempt to dispose of any RSUs in contravention of the above restriction shall be null and void and without effect.

(c) *Performance-Based Requirements; Lapse of Restrictions.*

(i) Subject to Section 2(c)(ii) below, for each of 2013, 2014, 2015 and 2016 (each such year, a "Performance Year"), the Grantee shall be credited with a number of RSUs equal to the Annual Target Number of RSUs for the applicable Performance Year multiplied by a percentage that (A) will be determined by the Administrator after the Performance Year based on the Company's achievement of financial performance goals established for that Performance Year and (B) will be between 0% and 200%. The performance goals and the methodology for establishing the number of RSUs to be credited will be established by the Administrator not later than ninety (90) days after the start of the applicable Performance Year (and in any event at a time when it is substantially uncertain whether the performance targets will be achieved). The methodology to determine the RSU crediting percentage will be communicated to the Grantee after it is established by the Administrator. The Administrator shall, following the end of each Performance Year, determine whether and the extent to which the performance targets for that Performance Year have been satisfied and the RSU crediting percentage for that Performance Year. Such determinations by the Administrator shall be final and binding. The date of such determinations by the Administrator for the Performance Year is referred to as the "Determination Date." Any of the Annual Target Number of RSUs for a particular Performance Year that are not credited to the Grantee in accordance with the foregoing provisions of this Section 2(c)(i) shall terminate as of the last day of the Performance Year.

(ii) Subject to Sections 2(e) through 2(g) below, the RSUs credited to the Grantee pursuant to Section 2(c)(i) for a particular Performance Year shall vest and become non-forfeitable upon the Determination Date for that Performance Year; provided, however, that if a Change in Control (as defined in Section 2(g)) occurs during the Performance Year, the Annual Target Number of RSUs for such Performance Year shall vest upon the final day of such Performance Year.

(d) *Timing and Manner of Payment of RSUs.* As soon as practicable after (and in no case more than seventy-four days after) the date any RSUs subject to the Award become non-forfeitable (the "Payment Date"), such RSUs shall be paid by the Company delivering to the Grantee a number of Shares equal to the number of RSUs that become non-forfeitable upon that Payment Date (rounded down to the nearest whole share). The Company shall issue the Shares either (i) in certificate form or (ii) in book entry form, registered in the name of the Grantee. Delivery of any certificates will be made to the Grantee's last address reflected on the books of the Company and its Subsidiaries unless the Company is otherwise instructed in writing. The Grantee shall not be required to pay any cash consideration for the RSUs or for any Shares received pursuant to the Award. Neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall have any further rights or interests in any RSUs that are so paid. Notwithstanding anything herein to the contrary, the Company shall have no obligation to issue Shares in

payment of the RSUs unless such issuance and such payment shall comply with all relevant provisions of law and the requirements of any Stock Exchange.

- (e) *Termination of Employment.* The following provisions shall apply in the event of the termination of the Grantee's employment or service with the Company, Parent or any Subsidiary:
- (i) *General.* Except as expressly provided below in this Section 2(e) or Section 2(g), in the event of the termination of the Grantee's employment or service with the Company, Parent or any Subsidiary for any reason prior to the lapsing of the restrictions in accordance with Section 2(c) hereof with respect to any of the RSUs granted hereunder, such portion of the RSUs held by the Grantee shall be automatically forfeited by the Grantee as of the date of termination. (The date of any such termination of the Grantee's employment or service is referred to in this Agreement as the "Termination Date.") Neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall have any rights or interests in any RSUs that are so forfeited.
- (ii) *Termination Without Cause or Due to Death or Disability.* Notwithstanding the foregoing clause (i) but subject to Section 2(g) below:
- (A) *Termination More Than Six Months After Start of Performance Year:* in the event (1) the termination of the Grantee's employment is by the Company, Parent or Subsidiary without Cause (as defined below) or due to the Grantee's death or Total Disability (as defined in the Plan) and the Grantee complies with the release and other requirements described in Section 2(j), and (2) the Termination Date occurs more than six (6) months after the start of a particular Performance Year and prior to the Determination Date for that Performance Year, the number of RSUs that vest for that Performance Year shall equal (x) the number of RSUs (if any) that would have vested in accordance with Section 2(c) if the Grantee's employment had continued through the Determination Date, multiplied by (y) a fraction (which shall not be greater than 1), the numerator of which is the number of whole months between January 1 of the Performance Year and the Termination Date, and the denominator of which is twelve (12). Any RSUs that vest pursuant to this clause (ii)(A) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the later of the last day of the Performance Year or the Termination Date (provided, that if the period for the Grantee to consider and revoke the release contemplated by Section 2(j) spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years). Any RSUs that do not vest in accordance with the foregoing provisions of this clause (ii)(A) shall terminate as of the Termination Date (or, in the case of a termination during the Performance Year, as of the last day of the Performance Year). For avoidance of doubt, this clause (ii)(A) will not apply to any such termination that occurs during the first half of the Performance Year or,

other than a termination due to the Grantee's death or Total Disability, at any time within the 12-month period following a Change in Control.

- (B) *Front-Loaded Awards - Termination More Than Six Months After Start of Performance Year*: notwithstanding the foregoing clause (ii)(A), in the event (1) the termination of the Grantee's employment is by the Company, Parent or Subsidiary without Cause or due to the Grantee's death or Total Disability and the Grantee complies with the release and other requirements described in Section 2(j), and (2) this award is designated as "front loaded" in the Notice of Grant, then the number of RSUs that vest upon the Termination Date shall equal the quotient of (x) any RSUs that would have vested under clause (ii)(A) if this were not a front-loaded award, divided by (y) the number of years of annual awards this grant represents, as stated in the Notice of Grant. Any RSUs that vest pursuant to this clause (ii)(B) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the later of the last day of the Performance Year or the Termination Date (provided, that if the period for the Grantee to consider and revoke the release contemplated by Section 2(j) spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years). Any RSUs that do not vest in accordance with the foregoing provisions of this clause (ii)(B) shall terminate as of the Termination Date (or, in the case of a termination during the Performance Year, as of the last day of the Performance Year). For avoidance of doubt, this clause (ii)(B) will not apply to any such termination (other than a termination due to the Grantee's death or Total Disability) that occurs at any time within the 12-month period following a Change in Control.
- (iii) For purposes of this Agreement, "Cause" shall mean termination of the Grantee's employment with the Company based upon the occurrence of one or more of the following which, with respect to clauses (A), (B) and (C) below, if curable, the Grantee has not cured within fourteen (14) days after the Grantee receives written notice from the Company specifying with reasonable particularity such occurrence: (A) the Grantee's refusal or material failure to perform the Grantee's job duties and responsibilities (other than by reason of the Grantee's serious physical or mental illness, injury or medical condition); (B) the Grantee's failure or refusal to comply in any material respect with material Company policies or lawful directives; (C) the Grantee's material breach of any contract or agreement between the Grantee and the Company (including but not limited to any Employee Confidentiality and Assignment of Inventions Agreement or similar agreement between the Grantee and the Company), or the Grantee's material breach of any statutory duty, fiduciary duty or any other obligation that the Grantee owes to the Company; (D) the Grantee's commission of an act of fraud, theft, embezzlement or other unlawful act against the Company or involving its property or assets or the Grantee's engaging in unprofessional, unethical or other intentional acts that materially discredit the Company or are materially detrimental to the reputation, character or standing of the Company; or (E) the

Grantee's indictment or conviction or *nolo contendere* or guilty plea with respect to any felony or crime of moral turpitude. Following notice and cure as provided in the preceding sentence, upon any additional one-time occurrence of one or more of the events enumerated in that sentence, the Company may terminate the Grantee's employment for Cause without notice and opportunity to cure. However, should the Company choose to offer the Grantee another opportunity to cure, it shall not be deemed a waiver of its rights under this provision. For purposes of this definition, the term "Company" shall include a Parent or any Subsidiary of the Company.

- (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 in connection with a transaction that constitutes a permissible distribution event under Section 409A(a)(2)(A)(v) of the Code, 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 a number of RSUs equal to the sum of (A) the number of RSUs (if any) that would have vested in accordance with Section 2(c) with respect to any Performance Year ended prior to the year in which such transaction occurs (to the extent not previously paid and assuming the Grantee's employment had continued through the applicable Determination Date), and (B) the Annual Target Number of RSUs for the Performance Year in which such transaction occurs and any subsequent Performance Year(s).
- (g) *Change in Control.* The following provisions shall apply in the event of a Change in Control (as defined below) prior to the fourth anniversary of the date of grant specified in the Notice of Grant (the "Date of Grant"):
- (i) In the event that, during the period of twelve (12) months following the Change in Control, the Grantee's employment is terminated by the Company, Parent or any Subsidiary without Cause or by the Grantee for Good Reason (as defined below) and the Grantee complies with the release and other requirements described in Section 2(j), a number of RSUs shall vest upon the later of the Grantee's Termination Date or the date any such release becomes final and irrevocable equal to the sum of (A) the number of RSUs (if any) that would have vested in accordance with Section 2(c) with respect to any Performance Year ended prior to the year in which the Change in Control occurs (to the extent not previously paid

and assuming the Grantee's employment had continued through the applicable Determination Date), and (B) the Annual Target Number of RSUs for the Performance Year in which the Change in Control occurs and any subsequent Performance Year(s). Any RSUs that vest pursuant to this clause (i) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the Termination Date (provided, that if the period for the Grantee to consider and revoke any such release spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years).

- (ii) For purposes of this Agreement, "Change in Control" shall mean the first of the following events to occur after the Date of Grant:
- (A) any person or group of persons (as defined in Section 13(d) and 14(d) of the Exchange Act) together with its Affiliates (as defined below), but excluding (i) the Company or any of its subsidiaries, (ii) any employee benefit plans of the Company or (iii) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company (individually a "Person" and collectively, "Persons"), is or becomes, directly or indirectly, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates);
 - (B) the consummation of a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or entity regardless of which entity is the survivor, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company, such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or
 - (C) the stockholders of the Company approve a plan of complete liquidation or winding-up of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, provided, however, that a sale of the Company's search business shall not constitute a Change in Control, regardless of whether stockholders approve the transaction.

(iii) For purposes of this Agreement, "Good Reason" shall be deemed to exist only if the Company shall fail to correct within 30 days after receipt of written notice from the Grantee specifying in reasonable detail the reasons the Grantee believes one of the following events or conditions has occurred (provided such notice is delivered by the Grantee no later than 30 days after the initial existence of the occurrence): (A) a material diminution of the Grantee's then current aggregate base salary and target bonus amount (other than reductions that also affect other similarly situated employees) without the Grantee's prior written agreement; (B) the material diminution of the Grantee's authority, duties or responsibilities as an employee of the Company without the Grantee's prior written agreement (except that change in title or assignment to a new supervisor by itself shall not constitute Good Reason); or (C) the relocation of the Grantee's position with the Company to a location that is greater than 50 miles from the Grantee's current principal place of employment with the Company, and that is also further from the Grantee's principal place of residence, without the Grantee's prior written agreement, provided that in all events the termination of the Grantee's service with the Company shall not be treated as a termination for "Good Reason" unless such termination occurs not more than six (6) months following the initial existence of the occurrence of the event or condition claimed to constitute "Good Reason." For purposes of this definition, the term "Company" shall include a Parent or any Subsidiary of the Company.

(iv) For purposes of this Agreement, "Affiliate" means, with respect to any individual or entity, any other individual or entity who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such individual or entity.

This Award of RSUs shall not be subject to the acceleration of vesting provisions of Section 2.5 of the Amended and Restated Yahoo! Inc. Change in Control Employee Severance Plan for Level I and Level II Employees.

(h) *Income Taxes.* Except as provided in the next sentence, the Company shall withhold and/or reacquire a number of Shares issued in payment of (or otherwise issuable in payment of, as the case may be) the RSUs having a Fair Market Value equal to the taxes that the Company determines it or the Grantee's employer is required to withhold under applicable tax laws with respect to the RSUs (with such withholding obligation determined based on any applicable minimum statutory withholding rates). In the event that the Company cannot (under applicable legal, regulatory, listing or other requirements, or otherwise) satisfy such tax withholding obligation in such method, the Company may satisfy such withholding by any one or a combination of the following methods: (i) by requiring the Grantee to pay such amount in cash or check; (ii) by deducting such amount out of any other compensation otherwise payable to the Grantee; and/or (iii) by allowing the Grantee to surrender shares of Common Stock of the Company which (A) in the case of shares initially acquired from the Company (upon exercise of a stock option or otherwise), have been owned by the Grantee for such period (if any) as may be required to avoid a charge to the Company's earnings, and (B) have a Fair Market Value on the date of surrender equal to the amount required to be withheld.

For these purposes, the Fair Market 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.

- (i) *No Advice Regarding Award.* The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying Shares. The Grantee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.
- (j) *Conditions of Accelerated Vesting; Exclusive Remedy.* The accelerated vesting provisions specified in Sections 2(e) and 2(g) above are conditioned on (1) the Grantee's signing a full release of any and all claims against the Company in a release form acceptable to the Company (within the period specified in it by the Company, which in no event shall be more than fifty days following the Grantee's Termination Date) and the Grantee's not revoking such release pursuant to any revocation rights afforded by applicable law, and (2) the Grantee's compliance with the Grantee's obligations under his or her Employee Confidentiality and Assignment of Inventions Agreement, or similar agreement. The Grantee agrees that such accelerated vesting benefits specified in this Agreement (and any applicable severance benefits provided under a written agreement with the Company then in effect in accordance with its terms) will constitute the exclusive and sole remedy for any termination of the Grantee's employment and the Grantee covenants not to assert or pursue any other remedies, at law or in equity, with respect to the Grantee's termination and/or employment.

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. Notices may also be delivered to the Grantee, during his or her employment, through the Company's inter-office or electronic mail systems.
- (b) *No Right to Continued Employment.* The Grantee understands and agrees that the vesting of Shares pursuant to Section 2 above is not earned through the act of being hired, being granted the RSUs or being credited Shares under this Agreement. The Grantee 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 Grantee any right with respect to continuation as an employee or consultant with the Company, a Parent or any Subsidiary, nor shall it interfere with or restrict in any way the right of the Company, a Parent or any Subsidiary, 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) *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.
- (f) *Section 409A.* This Agreement and the Award are intended to comply with or be exempt from, as the case may be, Section 409A of the Code so as to not result in any tax, penalty or interest thereunder. This Agreement and the Award shall be construed and interpreted accordingly. Except for the Company's tax withholding rights, the Grantee shall be solely responsible for any and all tax liability with respect to the Award.
- (g) *Invalid Provision.* The invalidity or unenforceability of any particular provision hereof 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.
- (h) *Governing Law/Choice of Venue.*
 - (i) This Agreement and the rights of the Grantee hereunder shall be construed and determined in accordance with the laws of the State of Delaware (without giving effect to the conflict of laws principles thereof), as provided in the Plan.
 - (ii) For the purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the State of California where this grant is made and/or to be performed and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, or the federal court of the United States for the Northern District of California, and no other courts.
- (i) *Imposition of Other Requirements.* If the Grantee relocates to another country after the Date of Grant, the Company reserves the right to impose other requirements on the Grantee's participation in the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

- (j) *Recoupment.* Notwithstanding any other provision herein, the recoupment or “clawback” policies adopted by the Administrator and applicable to equity awards, as such policies are in effect from time to time, shall apply to the Award and any Shares that may be issued in respect of the Award.
- (k) *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.
- (l) *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.
- (m) *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.
- (n) *Signature.* This Agreement shall be deemed executed by the Company and the Grantee as of the Date of Grant upon execution by such parties (or upon the Grantee’s online acceptance) of the Notice of Grant.

YAHOO! INC.

NOTICE OF RESTRICTED STOCK UNIT GRANT

Marissa A. Mayer
 [employee ID]
 [address]

You have been granted an award of Restricted Stock Units by Yahoo! Inc. (the "Company") as follows:

Date of Grant:	[Date]								
Total Number of Restricted Stock Units Granted:	[share number]								
Type of RSU:	CEO Performance RSU								
Vesting Schedule:	<table> <thead> <tr> <th><u>Shares</u></th> <th><u>Vesting Date</u></th> </tr> </thead> <tbody> <tr> <td>[#]</td> <td>[Date]</td> </tr> <tr> <td>[#]</td> <td>[Date]</td> </tr> <tr> <td>[#]</td> <td>[Date]</td> </tr> </tbody> </table>	<u>Shares</u>	<u>Vesting Date</u>	[#]	[Date]	[#]	[Date]	[#]	[Date]
<u>Shares</u>	<u>Vesting Date</u>								
[#]	[Date]								
[#]	[Date]								
[#]	[Date]								

These RSUs are subject to performance-based vesting. The actual number of shares vesting will be 0% to 200% of the target amounts shown above depending on the achievement of performance goals and time-based vesting requirements as described in the award agreement. The vesting dates shown above are approximate.

Manner of Payment by Company:	stock
Governing Documents:	<u>Performance RSU Award Agreement for CEO 1995 Stock Plan (the "Plan")</u>

By your acceptance of this award through the Company's online acceptance procedure (or by your signature and the signature of the Company's representative below):

- you acknowledge receiving and reviewing the Governing Documents (listed above) and the Supplemental Documents (listed below);
- you agree that the Restricted Stock Units are granted under and governed by the terms and conditions of the Governing Documents and you agree to be bound by the terms of this Notice of Restricted Stock Unit Grant and the Governing Documents, all of which are hereby incorporated by reference into this Notice of Restricted Stock Unit Grant; and
- **you consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Governing Documents for the purpose of implementing, administering and managing your participation in the Plan.**

This Notice of Restricted Stock Unit Grant shall be construed and determined in accordance with the laws of the U.S. State of Delaware (without giving effect to the conflict of laws principles thereof) and shall be deemed to have been executed and delivered by the parties hereto as of the Date of Grant.

GRANTEE:

YAHOO! INC.

[\[click here to accept\]](#)

Signature

By:

[Signature graphic]

[Name of executive]

Marissa A. Mayer

Name

Title:

[Title of executive]

Supplemental Documents:

[U.S. Prospectus](#)

[Insider Trading Policy](#)

**YAHOO! INC.
1995 STOCK PLAN**

**PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR CEO**

Section 1. Grant of Restricted Stock Unit Award

- (a) *Grant of Restricted Stock Units ("RSUs").* Yahoo! Inc., a Delaware corporation (the "Company"), hereby grants to the grantee (the "Grantee") named in the Notice of Restricted Stock Unit Grant (the "Notice of Grant") the number of RSUs (such number, the "Target Number" of RSUs; and one-third of the Target Number being the "Annual Target Number" of RSUs for each "Performance Year" identified in Section 2(c)(i) hereof) set forth in the Notice of Grant, on the terms and conditions set forth in this Performance Restricted Stock Unit Award Agreement for CEO (this "Agreement") and as otherwise provided in the Yahoo! Inc. 1995 Stock Plan, as amended (the "Award").
- (b) *Incorporation of Plan; Capitalized Terms.* The provisions of the Yahoo! Inc. 1995 Stock Plan, as amended (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 RSUs provided in Section 1(a) shall be subject to the following terms, conditions and restrictions:

- (a) *Limitations on Rights Associated with RSUs.* The RSUs are bookkeeping entries only. The Grantee shall have no rights as a stockholder of the Company, no dividend rights and no voting rights with respect to the RSUs.
- (b) *Restrictions.* The RSUs 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. Any attempt to dispose of any RSUs in contravention of the above restriction shall be null and void and without effect.
- (c) *Performance-Based Requirements; Lapse of Restrictions.*
 - (i) Subject to Section 2(c)(ii) below, for each of 2013, 2014 and 2015 (each such year, a "Performance Year"), the Grantee shall be credited with a number of RSUs equal to the Annual Target Number of RSUs for the applicable

Performance Year multiplied by a percentage that (A) will be determined by the Administrator after the Performance Year based on the Company's achievement of financial performance goals established for that Performance Year and (B) will be between 0% and 200%. The performance goals and the methodology for establishing the number of RSUs to be credited will be established by the Administrator not later than ninety (90) days after the start of the applicable Performance Year (and in any event at a time when it is substantially uncertain whether the performance targets will be achieved). The methodology to determine the RSU crediting percentage will be communicated to the Grantee after it is established by the Administrator. The Administrator shall, following the end of each Performance Year, determine whether and the extent to which the performance targets for that Performance Year have been satisfied and the RSU crediting percentage for that Performance Year. Such determinations by the Administrator shall be final and binding. The date of such determinations by the Administrator for the Performance Year is referred to as the "Determination Date." Any of the Annual Target Number of RSUs for a particular Performance Year that are not credited to the Grantee in accordance with the foregoing provisions of this Section 2(c)(i) shall terminate as of the last day of the Performance Year.

(ii) Subject to Sections 2(e) through 2(g) below, the RSUs credited to the Grantee pursuant to Section 2(c)(i) for a particular Performance Year shall vest and become non-forfeitable upon the Determination Date for that Performance Year; provided, however, that if a Change in Control (as defined in Section 2(g)) occurs during the Performance Year, the Annual Target Number of RSUs for such Performance Year shall vest upon the final day of such Performance Year.

(d) *Timing and Manner of Payment of RSUs.* As soon as practicable after (and in no case more than seventy-four days after) the date any RSUs subject to the Award become non-forfeitable (the "Payment Date"), such RSUs shall be paid by the Company delivering to the Grantee a number of Shares equal to the number of RSUs that become non-forfeitable upon that Payment Date (rounded down to the nearest whole share). The Company shall issue the Shares either (i) in certificate form or (ii) in book entry form, registered in the name of the Grantee. Delivery of any certificates will be made to the Grantee's last address reflected on the books of the Company and its Subsidiaries unless the Company is otherwise instructed in writing. The Grantee shall not be required to pay any cash consideration for the RSUs or for any Shares received pursuant to the Award. Neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall have any further rights or interests in any RSUs that are so paid. Notwithstanding anything herein to the contrary, the Company shall have no obligation to issue Shares in payment of the RSUs unless such issuance and such payment shall comply with all relevant provisions of law and the requirements of any Stock Exchange.

- (e) *Termination of Employment.* The following provisions shall apply in the event of the termination of the Grantee's employment or service with the Company, Parent or any Subsidiary:
- (i) *General.* Except as expressly provided below in this Section 2(e) or Section 2(g), in the event of the termination of the Grantee's employment or service with the Company, Parent or any Subsidiary for any reason prior to the lapsing of the restrictions in accordance with Section 2(c) hereof with respect to any of the RSUs granted hereunder, such portion of the RSUs held by the Grantee shall be automatically forfeited by the Grantee as of the date of termination. (The date of any such termination of the Grantee's employment or service is referred to in this Agreement as the "Termination Date.") Neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall have any rights or interests in any RSUs that are so forfeited.
- (ii) *Termination Without Cause or Due to Death or Disability.* Notwithstanding the foregoing clause (i) but subject to Section 2(g) below:
- (A) *Termination More Than Six Months After Start of Performance Year:* in the event (1) the termination of the Grantee's employment is by the Company, Parent or Subsidiary without Cause (as such term is defined in the Grantee's offer letter with the Company dated July 16, 2012 (the "Offer Letter")) or due to the Grantee's death or Total Disability (as defined in the Plan) and the Grantee complies with the release and other requirements described in Section 2(j), and (2) the Termination Date occurs more than six (6) months after the start of a particular Performance Year and prior to the Determination Date for that Performance Year, the number of RSUs that vest for that Performance Year shall equal (x) the number of RSUs (if any) that would have vested in accordance with Section 2(c) if the Grantee's employment had continued through the Determination Date, multiplied by (y) a fraction (which shall not be greater than 1), the numerator of which is the number of whole months between January 1 of the Performance Year and the Termination Date, and the denominator of which is twelve (12). Any RSUs that vest pursuant to this clause (ii)(A) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the later of the last day of the Performance Year or the Termination Date (provided, that if the period for the Grantee to consider and revoke the release contemplated by Section 2(j) spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years). Any RSUs that do not vest in accordance with the foregoing provisions of this clause (ii)(A) shall terminate as of the Termination Date (or, in the case of a termination during the Performance Year, as of the last day of the Performance Year). For avoidance of doubt, this clause (ii)(A) will not apply to any such termination that occurs during the first half of the Performance Year or, other than a termination due to the Grantee's

death or Total Disability, at any time within the 12-month period following a Change in Control.

- (B) *Front-Loaded Awards - Termination More Than Six Months After Start of Performance Year*: notwithstanding the foregoing clause (ii)(A), in the event (1) the termination of the Grantee's employment is by the Company, Parent or Subsidiary without Cause or due to the Grantee's death or Total Disability and the Grantee complies with the release and other requirements described in Section 2(j), and (2) this award is designated as "front loaded" in the Notice of Grant, then the number of RSUs that vest upon the Termination Date shall equal the quotient of (x) any RSUs that would have vested under clause (ii)(A) if this were not a front-loaded award, divided by (y) the number of years of annual awards this grant represents, as stated in the Notice of Grant. Any RSUs that vest pursuant to this clause (ii)(B) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the later of the last day of the Performance Year or the Termination Date (provided, that if the period for the Grantee to consider and revoke the release contemplated by Section 2(j) spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years). Any RSUs that do not vest in accordance with the foregoing provisions of this clause (ii)(B) shall terminate as of the Termination Date (or, in the case of a termination during the Performance Year, as of the last day of the Performance Year). For avoidance of doubt, this clause (ii)(B) will not apply to any such termination (other than a termination due to the Grantee's death or Total Disability) that occurs at any time within the 12-month period following a Change in Control.

(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 in connection with a transaction that constitutes a permissible distribution event under Section 409A(a)(2)(A)(v) of the Code, 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 a number of RSUs equal to the sum of (A) the number of RSUs (if any) that would have vested in accordance with Section 2(c) with respect to any Performance Year ended prior to the year in which such transaction occurs (to the extent not previously paid and

assuming the Grantee's employment had continued through the applicable Determination Date), and (B) the Annual Target Number of RSUs for the Performance Year in which such transaction occurs and any subsequent Performance Year(s).

- (g) *Change in Control*. The following provisions shall apply in the event of a Change in Control (as defined below) prior to the fourth anniversary of the date of grant specified in the Notice of Grant (the "Date of Grant"):
- (i) In the event that, during the period of twelve (12) months following the Change in Control, the Grantee's employment is terminated by the Company, Parent or any Subsidiary without Cause or by the Grantee for Good Reason (as such term is defined in the Offer Letter) and the Grantee complies with the release and other requirements described in Section 2(j), a number of RSUs shall vest upon the later of the Grantee's Termination Date or the date any such release becomes final and irrevocable equal to the sum of (A) the number of RSUs (if any) that would have vested in accordance with Section 2(c) with respect to any Performance Year ended prior to the year in which the Change in Control occurs (to the extent not previously paid and assuming the Grantee's employment had continued through the applicable Determination Date), and (B) the Annual Target Number of RSUs for the Performance Year in which the Change in Control occurs and any subsequent Performance Year(s). Any RSUs that vest pursuant to this clause (i) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the Termination Date (provided, that if the period for the Grantee to consider and revoke any such release spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years).
- (ii) For purposes of this Agreement, "Change in Control" shall mean the first of the following events to occur after the Date of Grant:
- (A) any person or group of persons (as defined in Section 13(d) and 14(d) of the Exchange Act) together with its Affiliates (as defined below), but excluding (i) the Company or any of its subsidiaries, (ii) any employee benefit plans of the Company or (iii) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company (individually a "Person" and collectively, "Persons"), is or becomes, directly or indirectly, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates);
- (B) the consummation of a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or entity regardless of which entity is the survivor, other than a merger or

consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company, such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

- (C) the stockholders of the Company approve a plan of complete liquidation or winding-up of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, provided, however, that a sale of the Company's search business shall not constitute a Change in Control, regardless of whether stockholders approve the transaction.
- (iii) For purposes of this Agreement, "Affiliate" means, with respect to any individual or entity, any other individual or entity who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such individual or entity.

This Award of RSUs shall not be subject to the acceleration of vesting provisions of Section 2.5 of the Amended and Restated Yahoo! Inc. Change in Control Employee Severance Plan for Level I and Level II Employees.

- (h) *Income Taxes.* Except as provided in the next sentence, the Company shall withhold and/or reacquire a number of Shares issued in payment of (or otherwise issuable in payment of, as the case may be) the RSUs having a Fair Market Value equal to the taxes that the Company determines it or the Grantee's employer is required to withhold under applicable tax laws with respect to the RSUs (with such withholding obligation determined based on any applicable minimum statutory withholding rates). In the event that the Company cannot (under applicable legal, regulatory, listing or other requirements, or otherwise) satisfy such tax withholding obligation in such method, the Company may satisfy such withholding by any one or a combination of the following methods: (i) by requiring the Grantee to pay such amount in cash or check; (ii) by deducting such amount out of any other compensation otherwise payable to the Grantee; and/or (iii) by allowing the Grantee to surrender shares of Common Stock of the Company which (A) in the case of shares initially acquired from the Company (upon exercise of a stock option or otherwise), have been owned by the Grantee for such period (if any) as may be required to avoid a charge to the Company's earnings, and (B) have a Fair Market Value on the date of surrender equal to the amount required to be withheld. For these purposes, the Fair Market 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.
- (i) *No Advice Regarding Award.* The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying Shares. The Grantee is hereby advised to consult with his or her own personal tax, legal and

financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

- (j) *Conditions of Accelerated Vesting; Exclusive Remedy.* The accelerated vesting provisions specified in Sections 2(e) and 2(g) above are conditioned on (1) the Grantee's signing a full release of any and all claims against the Company in a release form acceptable to the Company (within the period specified in it by the Company, which in no event shall be more than fifty days following the Grantee's Termination Date) and the Grantee's not revoking such release pursuant to any revocation rights afforded by applicable law, and (2) the Grantee's compliance with the Grantee's obligations under his or her Employee Confidentiality and Assignment of Inventions Agreement, or similar agreement. The Grantee agrees that such accelerated vesting benefits specified in this Agreement (and any applicable severance benefits provided under a written agreement with the Company then in effect in accordance with its terms) will constitute the exclusive and sole remedy for any termination of the Grantee's employment and the Grantee covenants not to assert or pursue any other remedies, at law or in equity, with respect to the Grantee's termination and/or employment.

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. Notices may also be delivered to the Grantee, during his or her employment, through the Company's inter-office or electronic mail systems.
- (b) *No Right to Continued Employment.* The Grantee understands and agrees that the vesting of Shares pursuant to Section 2 above is not earned through the act of being hired, being granted the RSUs or being credited Shares under this Agreement. The Grantee 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 Grantee any right with respect to continuation as an employee or consultant with the Company, a Parent or any Subsidiary, nor shall it interfere with or restrict in any way the right of the Company, a Parent or any Subsidiary, 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) *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.
- (f) *Section 409A.* This Agreement and the Award are intended to comply with or be exempt from, as the case may be, Section 409A of the Code so as to not result in any tax, penalty or interest thereunder. This Agreement and the Award shall be construed and interpreted accordingly. Except for the Company's tax withholding rights, the Grantee shall be solely responsible for any and all tax liability with respect to the Award.
- (g) *Invalid Provision.* The invalidity or unenforceability of any particular provision hereof 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.
- (h) *Governing Law/Choice of Venue.*
 - (i) This Agreement and the rights of the Grantee hereunder shall be construed and determined in accordance with the laws of the State of Delaware (without giving effect to the conflict of laws principles thereof), as provided in the Plan.
 - (ii) For the purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the State of California where this grant is made and/or to be performed and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, or the federal court of the United States for the Northern District of California, and no other courts.
- (i) *Imposition of Other Requirements.* If the Grantee relocates to another country after the Date of Grant, the Company reserves the right to impose other requirements on the Grantee's participation in the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
- (j) *Recoupment.* Notwithstanding any other provision herein, the recoupment or "clawback" policies adopted by the Administrator and applicable to equity awards, as such policies are in effect from time to time, shall apply to the Award and any Shares that may be issued in respect of the Award.

- (k) *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.
- (l) *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.
- (m) *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.
- (n) *Signature.* This Agreement shall be deemed executed by the Company and the Grantee as of the Date of Grant upon execution by such parties (or upon the Grantee's online acceptance) of the Notice of Grant.

YAHOO! INC.

NOTICE OF RESTRICTED STOCK UNIT GRANT

[grantee name]
 [employee ID]
 [address]

You have been granted an award of Restricted Stock Units by Yahoo! Inc. (the “Company”) as follows:

Date of Grant: [Date]

Total Number of Restricted Stock Units Granted: [share number]

Type of RSU: U.S. Executive RSU

Vesting Schedule:

<u>Shares</u>	<u>Vesting Date</u>	<u>Shares</u>	<u>Vesting Date</u>	<u>Shares</u>	<u>Vesting Date</u>
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]
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[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]

[INSERT IF APPLICABLE: This ‘front loaded’ grant represents # years of annual awards.]

Manner of Payment by Company: stock

Governing Documents: RSU Award Agreement for U.S. Executives 1995 Stock Plan (the “Plan”)

By your acceptance of this award through the Company’s online acceptance procedure (or by your signature and the signature of the Company’s representative below):

- you acknowledge receiving and reviewing the Governing Documents (listed above) and the Supplemental Documents (listed below);
- you agree that the Restricted Stock Units are granted under and governed by the terms and conditions of the Governing Documents and you agree to be bound by the terms of this Notice of Restricted Stock Unit Grant and the Governing Documents, all of which are hereby incorporated by reference into this Notice of Restricted Stock Unit Grant; and

- **you consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Governing Documents for the purpose of implementing, administering and managing your participation in the Plan.**

This Notice of Restricted Stock Unit Grant shall be construed and determined in accordance with the laws of the U.S. State of Delaware (without giving effect to the conflict of laws principles thereof) and shall be deemed to have been executed and delivered by the parties hereto as of the Date of Grant.

GRANTEE: YAHOO! INC.

[click here to accept]
Signature

By: [Signature graphic]
[Name of executive]

[grantee name]
Name

Title: [Title of executive]

Supplemental Documents:

[U.S. Prospectus](#)
[Insider Trading Policy](#)

**YAHOO! INC.
1995 STOCK PLAN**

**RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR U.S. EXECUTIVES**

Section 1. Grant of Restricted Stock Unit Award

- (a) *Grant of Restricted Stock Units ("RSUs").* Yahoo! Inc., a Delaware corporation (the "Company"), hereby grants to the grantee (the "Grantee") named in the Notice of Restricted Stock Unit Grant (the "Notice of Grant") the total number of RSUs set forth in the Notice of Grant, on the terms and conditions set forth in this Restricted Stock Unit Award Agreement for U.S. Executives (this "Agreement") and as otherwise provided in the Yahoo! Inc. 1995 Stock Plan, as amended (the "Award").
- (b) *Incorporation of Plan; Capitalized Terms.* The provisions of the Yahoo! Inc. 1995 Stock Plan, as amended (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 RSUs provided in Section 1(a) shall be subject to the following terms, conditions and restrictions:

- (a) *Limitations on Rights Associated with RSUs.* The RSUs are bookkeeping entries only. The Grantee shall have no rights as a stockholder of the Company, no dividend rights and no voting rights with respect to the RSUs.
- (b) *Restrictions.* The RSUs 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. Any attempt to dispose of any RSUs in contravention of the above restriction shall be null and void and without effect.
- (c) *Lapse of Restrictions.* Subject to Sections 2(e) through 2(g) below, on each vesting date specified in the vesting schedule set forth in the Notice of Grant, the number of RSUs set forth opposite such vesting date shall vest and become non-forfeitable.
- (d) *Timing and Manner of Payment of RSUs.* As soon as practicable after (and in no case more than seventy-four days after) the date any RSUs subject to the Award become non-

forfeitable (the "Payment Date"), such RSUs shall be paid by the Company delivering to the Grantee a number of Shares equal to the number of RSUs that become non-forfeitable upon that Payment Date (rounded down to the nearest whole share). The Company shall issue the Shares either (i) in certificate form or (ii) in book entry form, registered in the name of the Grantee. Delivery of any certificates will be made to the Grantee's last address reflected on the books of the Company and its Subsidiaries unless the Company is otherwise instructed in writing. The Grantee shall not be required to pay any cash consideration for the RSUs or for any Shares received pursuant to the Award. Neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall have any further rights or interests in any RSUs that are so paid. Notwithstanding anything herein to the contrary, the Company shall have no obligation to issue Shares in payment of the RSUs unless such issuance and such payment shall comply with all relevant provisions of law and the requirements of any Stock Exchange.

- (e) *Termination of Employment.* The following provisions shall apply in the event of the termination of the Grantee's employment or service with the Company, Parent or any Subsidiary:
- (i) *General.* Except as expressly provided below in this Section 2(e) or Section 2(g), in the event of the termination of the Grantee's employment or service with the Company, Parent or any Subsidiary for any reason prior to the lapsing of the restrictions in accordance with Section 2(c) hereof with respect to any of the RSUs granted hereunder, such portion of the RSUs held by the Grantee shall be automatically forfeited by the Grantee as of the date of termination. (The date of any such termination of the Grantee's employment or service is referred to in this Agreement as the "Termination Date.") Neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall have any rights or interests in any RSUs that are so forfeited.
- (ii) *Termination Without Cause or Due to Death or Disability.* Notwithstanding the foregoing clause (i) but subject to Section 2(g) below:
- (A) *Termination During Annual Vesting Period:* subject to clause (ii)(B) below, in the event (1) the termination of the Grantee's employment is by the Company, Parent or Subsidiary without Cause (as defined below) or due to the Grantee's death or Total Disability (as defined in the Plan) and the Grantee complies with the release and other requirements described in Section 2(j), (2) the Termination Date is not a scheduled vesting date and is six months or less before the next scheduled vesting date, and (3) on the Termination Date the period of time between (x) the then-prior vesting date (or, if none, the date of grant specified in the Notice of Grant (the "Date of Grant") or any earlier vesting commencement date specified by the Administrator at the time of grant) and (y) the next scheduled vesting date is six months or more, then the RSUs that are scheduled to vest on the next scheduled vesting date (to the extent then outstanding and unvested) shall vest and become non-forfeitable on the later of the Termination Date or the date the Grantee's full release of any and all claims against the

Company as contemplated by Section 2(j) becomes irrevocable. Any RSUs that vest pursuant to this clause (ii)(A) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the Termination Date (provided, that if the period for the Grantee to consider and revoke any such release spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years). Any RSUs that do not vest in accordance with the foregoing provisions of this clause (ii)(A) shall terminate as of the Termination Date. For avoidance of doubt, this clause (ii)(A) will not apply to any such termination (other than a termination due to the Grantee's death or Total Disability) that occurs at any time within the 12-month period following a Change in Control (as defined below).

- (B) *Front-Loaded Awards - Termination During Annual Vesting Period*: notwithstanding the foregoing clause (ii)(A), in the event (1) the termination of the Grantee's employment is by the Company, Parent or Subsidiary without Cause or due to the Grantee's death or Total Disability and the Grantee complies with the release and other requirements described in Section 2(j), and (2) this award is designated as "front loaded" in the Notice of Grant, then the number of RSUs that vest upon the later of the Termination Date or the date the Grantee's full release of any and all claims against the Company as contemplated by Section 2(j) becomes irrevocable shall equal the quotient of (x) any RSUs that would have vested under clause (ii)(A) if this were not a front-loaded award, divided by (y) the number of years of annual awards this grant represents, as stated in the Notice of Grant. Any RSUs that vest pursuant to this clause (ii)(B) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the Termination Date (provided, that if the period for the Grantee to consider and revoke any such release spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years). Any RSUs that do not vest in accordance with the foregoing provisions of this clause (ii)(B) shall terminate as of the Termination Date. For avoidance of doubt, this clause (ii)(B) will not apply to any such termination (other than a termination due to the Grantee's death or Total Disability) that occurs at any time within the 12-month period following a Change in Control.
- (iii) For purposes of this Agreement, "Cause" shall mean termination of the Grantee's employment with the Company based upon the occurrence of one or more of the following which, with respect to clauses (A), (B) and (C) below, if curable, the Grantee has not cured within fourteen (14) days after the Grantee receives written notice from the Company specifying with reasonable particularity such occurrence: (A) the Grantee's refusal or material failure to perform the Grantee's job duties and responsibilities (other than by reason of the Grantee's serious physical or mental illness, injury or medical condition); (B) the Grantee's failure or refusal to comply in any material respect with material Company policies or lawful directives; (C) the Grantee's material breach of any contract or agreement

between the Grantee and the Company (including but not limited to any Employee Confidentiality and Assignment of Inventions Agreement or similar agreement between the Grantee and the Company), or the Grantee's material breach of any statutory duty, fiduciary duty or any other obligation that the Grantee owes to the Company; (D) the Grantee's commission of an act of fraud, theft, embezzlement or other unlawful act against the Company or involving its property or assets or the Grantee's engaging in unprofessional, unethical or other intentional acts that materially discredit the Company or are materially detrimental to the reputation, character or standing of the Company; or (E) the Grantee's indictment or conviction or *nolo contendere* or guilty plea with respect to any felony or crime of moral turpitude. Following notice and cure as provided in the preceding sentence, upon any additional one-time occurrence of one or more of the events enumerated in that sentence, the Company may terminate the Grantee's employment for Cause without notice and opportunity to cure. However, should the Company choose to offer the Grantee another opportunity to cure, it shall not be deemed a waiver of its rights under this provision. For purposes of this definition, the term "Company" shall include a Parent or any Subsidiary of the Company.

- (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 in connection with a transaction that constitutes a permissible distribution event under Section 409A(a)(2)(A)(v) of the Code, 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 RSUs as to which the Award would not otherwise be non-forfeitable.
- (g) *Change in Control.* The following provisions shall apply in the event of a Change in Control (as defined below) prior to the date the RSUs have either become vested and non-forfeitable or have been forfeited pursuant to this Agreement:
- (i) In the event that, during the period of twelve (12) months following the Change in Control, the Grantee's employment is terminated by the Company, Parent or any Subsidiary without Cause or by the Grantee for Good Reason (as such terms are defined below) and the Grantee complies with the release and other requirements described in Section 2(j), the RSUs subject to the Award, to the extent then

outstanding and not vested, shall become fully vested and non-forfeitable as of the later of the Grantee's Termination Date or the date any such release becomes final and irrevocable. Any RSUs that vest pursuant to this clause (i) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the Termination Date (provided, that if the period for the Grantee to consider and revoke any such release spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years).

- (ii) For purposes of this Agreement, "Change in Control" shall mean the first of the following events to occur after the Date of Grant:
 - (A) any person or group of persons (as defined in Section 13(d) and 14(d) of the Exchange Act) together with its Affiliates (as defined below), but excluding (i) the Company or any of its subsidiaries, (ii) any employee benefit plans of the Company or (iii) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company (individually a "Person" and collectively, "Persons"), is or becomes, directly or indirectly, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates);
 - (B) the consummation of a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or entity regardless of which entity is the survivor, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company, such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or
 - (C) the stockholders of the Company approve a plan of complete liquidation or winding-up of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, provided, however, that a sale of the Company's search business shall not constitute a Change in Control, regardless of whether stockholders approve the transaction.
- (iii) For purposes of this Agreement, "Good Reason" shall be deemed to exist only if the Company shall fail to correct within 30 days after receipt of written notice from the Grantee specifying in reasonable detail the reasons the Grantee believes one of the following events or conditions has occurred (provided such notice is delivered by the Grantee no later than 30 days after the initial existence of the

occurrence): (A) a material diminution of the Grantee's then current aggregate base salary and target bonus amount (other than reductions that also affect other similarly situated employees) without the Grantee's prior written agreement; (B) the material diminution of the Grantee's authority, duties or responsibilities as an employee of the Company without the Grantee's prior written agreement (except that change in title or assignment to a new supervisor by itself shall not constitute Good Reason); or (C) the relocation of the Grantee's position with the Company to a location that is greater than 50 miles from the Grantee's current principal place of employment with the Company, and that is also further from the Grantee's principal place of residence, without the Grantee's prior written agreement, provided that in all events the termination of the Grantee's service with the Company shall not be treated as a termination for "Good Reason" unless such termination occurs not more than six (6) months following the initial existence of the occurrence of the event or condition claimed to constitute "Good Reason." For purposes of this definition, the term "Company" shall include a Parent or any Subsidiary of the Company.

- (iv) For purposes of this Agreement, "Affiliate" means, with respect to any individual or entity, any other individual or entity who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such individual or entity.

This Award of RSUs shall not be subject to the acceleration of vesting provisions of Section 2.5 of the Amended and Restated Yahoo! Inc. Change in Control Employee Severance Plan for Level I and Level II Employees.

- (h) *Income Taxes.* Except as provided in the next sentence, the Company shall withhold and/or reacquire a number of Shares issued in payment of (or otherwise issuable in payment of, as the case may be) the RSUs having a Fair Market Value equal to the taxes that the Company determines it or the Grantee's employer is required to withhold under applicable tax laws with respect to the RSUs (with such withholding obligation determined based on any applicable minimum statutory withholding rates). In the event that the Company cannot (under applicable legal, regulatory, listing or other requirements, or otherwise) satisfy such tax withholding obligation in such method, the Company may satisfy such withholding by any one or a combination of the following methods: (i) by requiring the Grantee to pay such amount in cash or check; (ii) by deducting such amount out of any other compensation otherwise payable to the Grantee; and/or (iii) by allowing the Grantee to surrender shares of Common Stock of the Company which (A) in the case of shares initially acquired from the Company (upon exercise of a stock option or otherwise), have been owned by the Grantee for such period (if any) as may be required to avoid a charge to the Company's earnings, and (B) have a Fair Market Value on the date of surrender equal to the amount required to be withheld. For these purposes, the Fair Market 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.

- (i) *No Advice Regarding Award.* The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying Shares. The Grantee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.
- (j) *Conditions of Accelerated Vesting; Exclusive Remedy.* The accelerated vesting provisions specified in Sections 2(e) and 2(g) above are conditioned on (1) the Grantee's signing a full release of any and all claims against the Company in a release form acceptable to the Company (within the period specified in it by the Company, which in no event shall be more than fifty days following the Grantee's Termination Date) and the Grantee's not revoking such release pursuant to any revocation rights afforded by applicable law, and (2) the Grantee's compliance with the Grantee's obligations under his or her Employee Confidentiality and Assignment of Inventions Agreement, or similar agreement. The Grantee agrees that such accelerated vesting benefits specified in this Agreement (and any applicable severance benefits provided under a written agreement with the Company then in effect in accordance with its terms) will constitute the exclusive and sole remedy for any termination of the Grantee's employment and the Grantee covenants not to assert or pursue any other remedies, at law or in equity, with respect to the Grantee's termination and/or employment.

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. Notices may also be delivered to the Grantee, during his or her employment, through the Company's inter-office or electronic mail systems.
- (b) *No Right to Continued Employment.* The Grantee understands and agrees that the vesting of Shares pursuant to Section 2 above is earned only by continuing in the employ or service of the Company at the will of the Company (not through the act of being hired, being granted the RSUs or acquiring Shares under this Agreement). The Grantee 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 Grantee any right with respect to continuation as an employee or consultant with the Company, a Parent or any Subsidiary, nor shall it interfere with or restrict in any way the right of the Company, a Parent or any Subsidiary, 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) *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.
- (f) *Section 409A.* This Agreement and the Award are intended to comply with or be exempt from, as the case may be, Section 409A of the Code so as to not result in any tax, penalty or interest thereunder. This Agreement and the Award shall be construed and interpreted accordingly. Except for the Company's tax withholding rights, the Grantee shall be solely responsible for any and all tax liability with respect to the Award.
- (g) *Invalid Provision.* The invalidity or unenforceability of any particular provision hereof 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.
- (h) *Governing Law/Choice of Venue.*
 - (i) This Agreement and the rights of the Grantee hereunder shall be construed and determined in accordance with the laws of the State of Delaware (without giving effect to the conflict of laws principles thereof), as provided in the Plan.
 - (ii) For the purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the State of California where this grant is made and/or to be performed and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, or the federal court of the United States for the Northern District of California, and no other courts.
- (i) *Imposition of Other Requirements.* If the Grantee relocates to another country after the Date of Grant, the Company reserves the right to impose other requirements on the Grantee's participation in the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

- (j) *Recoupment.* Notwithstanding any other provision herein, the recoupment or “clawback” policies adopted by the Administrator and applicable to equity awards, as such policies are in effect from time to time, shall apply to the Award and any Shares that may be issued in respect of the Award.
- (k) *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.
- (l) *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.
- (m) *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.
- (n) *Signature.* This Agreement shall be deemed executed by the Company and the Grantee as of the Date of Grant upon execution by such parties (or upon the Grantee’s online acceptance) of the Notice of Grant.

YAHOO! INC.

NOTICE OF RESTRICTED STOCK UNIT GRANT

Marissa A. Mayer
 [employee ID]
 [address]

You have been granted an award of Restricted Stock Units by Yahoo! Inc. (the "Company,"") as follows:

Date of Grant: [Date]

Total Number of Restricted
 Stock Units Granted: [share number]

Type of RSU: CEO RSU

Vesting Schedule:

<u>Shares</u>	<u>Vesting Date</u>	<u>Shares</u>	<u>Vesting Date</u>	<u>Shares</u>	<u>Vesting Date</u>
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]
[#]	[Date]	[#]	[Date]	[#]	[Date]

Manner of Payment by Company: stock

Governing Documents: RSU Award Agreement for CEO
 1995 Stock Plan (the "Plan")

By your acceptance of this award through the Company's online acceptance procedure (or by your signature and the signature of the Company's representative below):

- you acknowledge receiving and reviewing the Governing Documents (listed above) and the Supplemental Documents (listed below);
- you agree that the Restricted Stock Units are granted under and governed by the terms and conditions of the Governing Documents and you agree to be bound by the terms of this Notice of Restricted Stock Unit Grant and the Governing Documents, all of which are hereby incorporated by reference into this Notice of Restricted Stock Unit Grant; and
- **you consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Governing Documents for the purpose of implementing, administering and managing your participation in the Plan.**

This Notice of Restricted Stock Unit Grant shall be construed and determined in accordance with the laws of the U.S. State of Delaware (without giving effect to the conflict of laws principles thereof) and shall be deemed to have been executed and delivered by the parties hereto as of the Date of Grant.

GRANTEE:	YAHOO! INC.
<u>[click here to accept]</u> Signature	By: <u>[Signature graphic]</u> [Name of executive]
<u>Marissa A. Mayer</u> Name	Title: <u>[Title of executive]</u>

Supplemental Documents: [U.S. Prospectus](#)
[Insider Trading Policy](#)

**YAHOO! INC.
1995 STOCK PLAN**

**RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR CEO**

Section 1. Grant of Restricted Stock Unit Award

- (a) *Grant of Restricted Stock Units (“RSUs”).* Yahoo! Inc., a Delaware corporation (the “Company”), hereby grants to the grantee (the “Grantee”) named in the Notice of Restricted Stock Unit Grant (the “Notice of Grant”) the total number of RSUs set forth in the Notice of Grant, on the terms and conditions set forth in this Restricted Stock Unit Award Agreement for CEO (this “Agreement”) and as otherwise provided in the Yahoo! Inc. 1995 Stock Plan, as amended (the “Award”).
- (b) *Incorporation of Plan; Capitalized Terms.* The provisions of the Yahoo! Inc. 1995 Stock Plan, as amended (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 RSUs provided in Section 1(a) shall be subject to the following terms, conditions and restrictions:

- (a) *Limitations on Rights Associated with RSUs.* The RSUs are bookkeeping entries only. The Grantee shall have no rights as a stockholder of the Company, no dividend rights and no voting rights with respect to the RSUs.
- (b) *Restrictions.* The RSUs 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. Any attempt to dispose of any RSUs in contravention of the above restriction shall be null and void and without effect.
- (c) *Lapse of Restrictions.* Subject to Sections 2(e) through 2(g) below, on each vesting date specified in the vesting schedule set forth in the Notice of Grant, the number of RSUs set forth opposite such vesting date shall vest and become non-forfeitable.
- (d) *Timing and Manner of Payment of RSUs.* As soon as practicable after (and in no case more than seventy-four days after) the date any RSUs subject to the Award become non-

forfeitable (the "Payment Date"), such RSUs shall be paid by the Company delivering to the Grantee a number of Shares equal to the number of RSUs that become non-forfeitable upon that Payment Date (rounded down to the nearest whole share). The Company shall issue the Shares either (i) in certificate form or (ii) in book entry form, registered in the name of the Grantee. Delivery of any certificates will be made to the Grantee's last address reflected on the books of the Company and its Subsidiaries unless the Company is otherwise instructed in writing. The Grantee shall not be required to pay any cash consideration for the RSUs or for any Shares received pursuant to the Award. Neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall have any further rights or interests in any RSUs that are so paid. Notwithstanding anything herein to the contrary, the Company shall have no obligation to issue Shares in payment of the RSUs unless such issuance and such payment shall comply with all relevant provisions of law and the requirements of any Stock Exchange.

- (e) *Termination of Employment.* The following provisions shall apply in the event of the termination of the Grantee's employment or service with the Company, Parent or any Subsidiary:
- (i) *General.* Except as expressly provided below in this Section 2(e) or Section 2(g), in the event of the termination of the Grantee's employment or service with the Company, Parent or any Subsidiary for any reason prior to the lapsing of the restrictions in accordance with Section 2(c) hereof with respect to any of the RSUs granted hereunder, such portion of the RSUs held by the Grantee shall be automatically forfeited by the Grantee as of the date of termination. (The date of any such termination of the Grantee's employment or service is referred to in this Agreement as the "Termination Date.") Neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall have any rights or interests in any RSUs that are so forfeited.
- (ii) *Termination Without Cause or Due to Death or Disability.* Notwithstanding the foregoing clause (i) but subject to Section 2(g) below:
- (A) *Termination During Annual Vesting Period:* subject to clause (ii)(B) below, in the event (1) the termination of the Grantee's employment is by the Company, Parent or Subsidiary without Cause (as such term is defined in the Grantee's offer letter with the Company dated July 16, 2012 (the "Offer Letter")) or due to the Grantee's death or Total Disability (as defined in the Plan) and the Grantee complies with the release and other requirements described in Section 2(j), (2) the Termination Date is not a scheduled vesting date and is six months or less before the next scheduled vesting date, and (3) on the Termination Date the period of time between (x) the then-prior vesting date (or, if none, the date of grant specified in the Notice of Grant (the "Date of Grant") or any earlier vesting commencement date specified by the Administrator at the time of grant) and (y) the next scheduled vesting date is six months or more, then the RSUs that are scheduled to vest on the next scheduled vesting date (to the extent then outstanding and unvested) shall vest and become non-

forfeitable on the later of the Termination Date or the date the Grantee's full release of any and all claims against the Company as contemplated by Section 2(j) becomes irrevocable. Any RSUs that vest pursuant to this clause (ii)(A) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the Termination Date (provided, that if the period for the Grantee to consider and revoke any such release spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years). Any RSUs that do not vest in accordance with the foregoing provisions of this clause (ii)(A) shall terminate as of the Termination Date. For avoidance of doubt, this clause (ii)(A) will not apply to any such termination (other than a termination due to the Grantee's death or Total Disability) that occurs at any time within the 12-month period following a Change in Control (as defined below).

(B) *Front-Loaded Awards - Termination During Annual Vesting Period:* notwithstanding the foregoing clause (ii)(A), in the event (1) the termination of the Grantee's employment is by the Company, Parent or Subsidiary without Cause or due to the Grantee's death or Total Disability and the Grantee complies with the release and other requirements described in Section 2(j), and (2) this award is designated as "front loaded" in the Notice of Grant, then the number of RSUs that vest upon the later of the Termination Date or the date the Grantee's full release of any and all claims against the Company as contemplated by Section 2(j) becomes irrevocable shall equal the quotient of (x) any RSUs that would have vested under clause (ii)(A) if this were not a front-loaded award, divided by (y) the number of years of annual awards this grant represents, as stated in the Notice of Grant. Any RSUs that vest pursuant to this clause (ii)(B) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the Termination Date (provided, that if the period for the Grantee to consider and revoke any such release spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years). Any RSUs that do not vest in accordance with the foregoing provisions of this clause (ii)(B) shall terminate as of the Termination Date. For avoidance of doubt, this clause (ii)(B) will not apply to any such termination (other than a termination due to the Grantee's death or Total Disability) that occurs at any time within the 12-month period following a Change in Control.

(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 in connection with a transaction that constitutes a permissible distribution event under Section 409A(a)(2)(A)(v) of the Code, 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 RSUs as to which the Award would not otherwise be non-forfeitable.
- (g) *Change in Control*. The following provisions shall apply in the event of a Change in Control (as defined below) prior to the date the RSUs have either become vested and non-forfeitable or have been forfeited pursuant to this Agreement:
 - (i) In the event that, during the period of twelve (12) months following the Change in Control and the Grantee complies with the release and other requirements described in Section 2(j), the Grantee's employment is terminated by the Company, Parent or any Subsidiary without Cause or by the Grantee for Good Reason (as such term is defined in the Offer Letter), the RSUs subject to the Award, to the extent then outstanding and not vested, shall become fully vested and non-forfeitable as of the later of the Grantee's Termination Date or the date any such release becomes final and irrevocable. Any RSUs that vest pursuant to this clause (i) shall be paid as soon as practicable after (and in no case more than seventy-four days after) the Termination Date (provided, that if the period for the Grantee to consider and revoke any such release spans two different calendar years, payment of such RSUs will be made within such prescribed time period, but in the second of those two years).
 - (ii) For purposes of this Agreement, "Change in Control" shall mean the first of the following events to occur after the Date of Grant:
 - (A) any person or group of persons (as defined in Section 13(d) and 14(d) of the Exchange Act) together with its Affiliates (as defined below), but excluding (i) the Company or any of its subsidiaries, (ii) any employee benefit plans of the Company or (iii) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company (individually a "Person" and collectively, "Persons"), is or becomes, directly or indirectly, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates);

- (B) the consummation of a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or entity regardless of which entity is the survivor, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company, such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or
 - (C) the stockholders of the Company approve a plan of complete liquidation or winding-up of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, provided, however, that a sale of the Company's search business shall not constitute a Change in Control, regardless of whether stockholders approve the transaction.
- (iii) For purposes of this Agreement, "Affiliate" means, with respect to any individual or entity, any other individual or entity who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such individual or entity.

This Award of RSUs shall not be subject to the acceleration of vesting provisions of Section 2.5 of the Amended and Restated Yahoo! Inc. Change in Control Employee Severance Plan for Level I and Level II Employees.

- (h) *Income Taxes.* Except as provided in the next sentence, the Company shall withhold and/or reacquire a number of Shares issued in payment of (or otherwise issuable in payment of, as the case may be) the RSUs having a Fair Market Value equal to the taxes that the Company determines it or the Grantee's employer is required to withhold under applicable tax laws with respect to the RSUs (with such withholding obligation determined based on any applicable minimum statutory withholding rates). In the event that the Company cannot (under applicable legal, regulatory, listing or other requirements, or otherwise) satisfy such tax withholding obligation in such method, the Company may satisfy such withholding by any one or a combination of the following methods: (i) by requiring the Grantee to pay such amount in cash or check; (ii) by deducting such amount out of any other compensation otherwise payable to the Grantee; and/or (iii) by allowing the Grantee to surrender shares of Common Stock of the Company which (A) in the case of shares initially acquired from the Company (upon exercise of a stock option or otherwise), have been owned by the Grantee for such period (if any) as may be required to avoid a charge to the Company's earnings, and (B) have a Fair Market Value on the date of surrender equal to the amount required to be withheld. For these purposes, the Fair Market 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.

- (i) *No Advice Regarding Award.* The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying Shares. The Grantee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.
- (j) *Conditions of Accelerated Vesting; Exclusive Remedy.* The accelerated vesting provisions specified in Sections 2(e) and 2(g) above are conditioned on (1) the Grantee's signing a full release of any and all claims against the Company in a release form acceptable to the Company (within the period specified in it by the Company, which in no event shall be more than fifty days following the Grantee's Termination Date) and the Grantee's not revoking such release pursuant to any revocation rights afforded by applicable law, and (2) the Grantee's compliance with the Grantee's obligations under his or her Employee Confidentiality and Assignment of Inventions Agreement, or similar agreement. The Grantee agrees that such accelerated vesting benefits specified in this Agreement (and any applicable severance benefits provided under a written agreement with the Company then in effect in accordance with its terms) will constitute the exclusive and sole remedy for any termination of the Grantee's employment and the Grantee covenants not to assert or pursue any other remedies, at law or in equity, with respect to the Grantee's termination and/or employment.

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. Notices may also be delivered to the Grantee, during his or her employment, through the Company's inter-office or electronic mail systems.
- (b) *No Right to Continued Employment.* The Grantee understands and agrees that the vesting of Shares pursuant to Section 2 above is earned only by continuing in the employ or service of the Company at the will of the Company (not through the act of being hired, being granted the RSUs or acquiring Shares under this Agreement). The Grantee 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 Grantee any right with respect to continuation as an employee or consultant with the Company, a Parent or any Subsidiary, nor shall it interfere with or restrict in any way the right of the Company, a Parent or any Subsidiary, 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) *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.
- (f) *Section 409A.* This Agreement and the Award are intended to comply with or be exempt from, as the case may be, Section 409A of the Code so as to not result in any tax, penalty or interest thereunder. This Agreement and the Award shall be construed and interpreted accordingly. Except for the Company's tax withholding rights, the Grantee shall be solely responsible for any and all tax liability with respect to the Award.
- (g) *Invalid Provision.* The invalidity or unenforceability of any particular provision hereof 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.
- (h) *Governing Law/Choice of Venue.*
 - (i) This Agreement and the rights of the Grantee hereunder shall be construed and determined in accordance with the laws of the State of Delaware (without giving effect to the conflict of laws principles thereof), as provided in the Plan.
 - (ii) For the purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the State of California where this grant is made and/or to be performed and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, or the federal court of the United States for the Northern District of California, and no other courts.
- (i) *Imposition of Other Requirements.* If the Grantee relocates to another country after the Date of Grant, the Company reserves the right to impose other requirements on the Grantee's participation in the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

- (j) *Recoupment.* Notwithstanding any other provision herein, the recoupment or “clawback” policies adopted by the Administrator and applicable to equity awards, as such policies are in effect from time to time, shall apply to the Award and any Shares that may be issued in respect of the Award.
- (k) *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.
- (l) *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.
- (m) *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.
- (n) *Signature.* This Agreement shall be deemed executed by the Company and the Grantee as of the Date of Grant upon execution by such parties (or upon the Grantee’s online acceptance) of the Notice of Grant.



«date»

«full_name»

«address_line_1»

«city», «state» «zip_code»

Dear «first_name»:

On behalf of Yahoo! Inc. (“Yahoo!” or the “Company”), I am pleased to inform you that Yahoo! will provide you with the severance protections described in this letter agreement (“Agreement”). This Agreement is being offered to you to provide both you and Yahoo! with certainty in the event that your employment with Yahoo! is terminated by Yahoo! without Cause.¹ You will not be entitled to any severance benefits under this Agreement if your employment is terminated with Cause, if you voluntarily resign from your employment with Yahoo! for any reason or if your employment terminates due to your death or disability (except as related to Equity Awards and specifically described below).²

¹ For purposes of this Agreement, “Cause” means termination of your employment by the Company based upon the occurrence of one or more of the following which, with respect to clauses (1), (2) and (3) below, if curable, you have not cured within fourteen (14) days after you receive written notice from the Company specifying with reasonable particularity such occurrence: (1) your refusal or material failure to perform your job duties and responsibilities (other than by reason of your serious physical or mental illness, injury or medical condition), (2) your failure or refusal to comply in any material respect with material Company policies or lawful directives, (3) your material breach of any contract or agreement between you and the Company (including but not limited to this Agreement and the Employee Confidentiality and Assignment of Inventions Agreement between you and the Company), or your material breach of any statutory duty, fiduciary duty or any other obligation that you owe to the Company, (4) your commission of an act of fraud, theft, embezzlement or other unlawful act against the Company or involving its property or assets or your engaging in unprofessional, unethical or other intentional acts that materially discredit the Company or are materially detrimental to the reputation, character or standing of the Company, or (5) your indictment or conviction or nolo contendere or guilty plea with respect to any felony or crime of moral turpitude. Following notice and cure as provided in the preceding sentence, upon any additional one-time occurrence of one or more of the events enumerated in that sentence, the Company may terminate your employment for Cause without notice and opportunity to cure. However, should the Company choose to offer you another opportunity to cure, it will not be deemed a waiver of its rights under this provision.

² In no event will you be considered to have terminated employment for purposes of this letter if your employment by Yahoo! (including a subsidiary or affiliate) terminates and, immediately after such termination, you continue as an employee of another subsidiary or affiliate of Yahoo! (or Yahoo! Inc. if you had previously been employed by a subsidiary).

Severance. If your employment is terminated by Yahoo! without Cause (and other than due to your death or disability (except as related to Equity Awards and specifically described below)) and you comply with the release and other requirements described in this Agreement, then you will be entitled to the benefits set forth below this paragraph. Yahoo! will provide you with written notice that your employment will terminate (the "Termination Notice"). You may remain employed by Yahoo! for a period of time as determined by Yahoo!, in its sole discretion, after the Termination Notice is provided (the "Notice Period"), but such period will not exceed _____ months. (For purposes of clarity, a Notice Period is not required, and the Company may terminate your employment immediately at any time upon delivery of a Termination Notice without providing a Notice Period. You will not be entitled to the benefits described below if you resign from employment during the Notice Period before the termination date determined by Yahoo!) The date your employment with Yahoo! terminates will be considered your "Termination Date."

1. Yahoo! will pay you the following amounts in cash as severance:
 - a. an amount equal to your base salary (at the monthly rate in effect at the time the Termination Notice is provided to you) for a period of _____ months less the number of months in the Notice Period (including partial months), such amount to be paid in a single lump sum; **[For EVPs, use 12 months; for SVPs, use 6 months.]**
 - b. a lump sum payment equal to _____ % of your annual target bonus for the year in which your Termination Notice is provided; **[For EVPs, use 100%; for SVPs, use 50%.]** and
 - c. If your Termination Date is between January 1 and the date that annual bonus payments are paid for the prior year (typically mid-March), or if your Termination Date is after payment of such bonus but you were ineligible for such bonus as a result of receiving Termination Notice from Yahoo!, a lump sum payment of the annual bonus you would have been entitled to receive for the prior year if Yahoo! had not provided you with Termination Notice.

The severance payments described above will be made on or before the 60th business day following your Termination Date, provided that if such period of 60 business days spans two calendar years, such payments will be made in the second of the two calendar years, and provided, further, that the bonus referred to in 1(c) above (if applicable) will be paid at the same time bonuses for the applicable year are paid to the Company's employees generally.

If your Termination Date occurs in 2013, Yahoo! will also pay you a lump sum payment of a prorated bonus for 2013, determined by multiplying (i) the lesser of your annual target bonus for 2013 or the annual bonus you would have been entitled to receive for 2013 if your employment had not terminated by (ii) a fraction, the numerator of which is the number of whole months of your active employment with Yahoo! during 2013 and the denominator of which is twelve (12). Such payment will be paid at the same time bonuses for 2013 are paid to the Company's employees generally.

2. Provided that you timely elect continued coverage under COBRA, Yahoo! will pay you an amount (a "Continuation Payment") equal to your premium for continued group health

coverage for the period you continue COBRA coverage (up to a maximum of _____ months following your Termination Date), provided that Yahoo!'s obligation to make such Continuation Payments will cease if you become eligible for coverage under the health plan of another employer or Yahoo! ceases to offer group medical coverage to its active executive employees or otherwise is under no obligation to offer you COBRA continuation coverage (note: you are required to advise Yahoo! immediately upon becoming eligible for coverage under the health plan of another employer). **[For EVPs, use 12 months; for SVPs, use 6 months.]**

3. **[You will be entitled to accelerated vesting of your then-outstanding equity awards as provided under "Equity Awards" below.] *[This provision and the "Equity Awards" section below should be used for any executive who holds (1) any Yahoo! award granted prior to February 2013, and (2) any Yahoo! award granted on a non-executive form (regardless of when granted).]***
4. **[You will be entitled to accelerated vesting of your then-outstanding equity awards if and only to the extent provided in the applicable award agreements.] *[For executives who hold only executive form awards granted after January 2013, use this provision and delete the "Equity Awards" section below.]***

[Equity Awards. To the extent that you hold equity-based awards that are outstanding and unvested under Yahoo!'s equity incentive plans as of the date of this Agreement (your "Outstanding Awards"), the award agreement that evidences each such Outstanding Award is hereby amended to include the following applicable severance protections.

1. **Stock Options.** If your employment with Yahoo! is terminated by Yahoo! without Cause or as a result of your death or Total Disability (as such term is defined in the Yahoo! Inc. 1995 Stock Plan, as amended):
 - a. Each of your Outstanding Awards that is a stock option that vests based solely on the passage of time will vest and become exercisable as follows: if the next scheduled vesting installment of the stock option is an Annual Vesting Installment³ and is scheduled to vest within six months after your Termination Date, such vesting installment (but no other installment of the stock option) will vest on the later of your Termination Date or the date your full release of any and all claims against Yahoo! becomes final and irrevocable. To the extent that your Outstanding Award already includes an accelerated vesting provision (for all or any portion of the award) that would apply in the event your employment is terminated by Yahoo! without Cause (or similar term) other than in the 12 months following a change in control of the Company, then such existing provision shall continue to apply in accordance with its terms (and the preceding sentence shall apply only with respect to a termination of employment due to your death or Total

³ For purposes of this Agreement, "Annual Vesting Installment" means a vesting installment of an award (including any stock option) that is scheduled to occur six months or more after the immediately preceding vesting installment of the award (or, if there is no such preceding vesting installment, more than six months after the earlier of the date of grant of the award or any vesting commencement date specified by the plan administrator).

Disability). Any portion of the option that is not vested (after giving effect to the foregoing acceleration provision, if applicable) will terminate as of your Termination Date.

- b. After giving effect to any applicable accelerated vesting, the vested portion of each of your Outstanding Awards that is a stock option will be exercisable for six months following your Termination Date (or in the case of any portion of a performance option held open on the Termination Date, for six months following the date on which such portion would otherwise have become exercisable due to the Company's performance) or any longer period specified in the applicable option agreement, subject to the maximum term applicable to such option.
2. Time-Based RSUs. If your employment with Yahoo! is terminated by Yahoo! without Cause or as a result of your death or Total Disability, each of your Outstanding Awards that is a restricted stock unit award ("RSU") that vests based solely on the passage of time will vest as follows: if the next scheduled vesting installment of the award is an Annual Vesting Installment and is scheduled to vest within six months after your Termination Date, such vesting installment (but no other installment of the award) will vest on the later of your Termination Date or the date your full release of any and all claims against Yahoo! becomes final and irrevocable. To the extent that your Outstanding Award already includes an accelerated vesting provision (for all or any portion of the award) that would apply in the event your employment is terminated by Yahoo! without Cause (or similar term) other than in the 12 months following a change in control, then such existing provision shall continue to apply in accordance with its terms (and the preceding sentence shall apply only with respect to a termination of employment due to your death or Total Disability). If the period for you to consider and revoke any release contemplated by the first sentence of this paragraph spans two different calendar years, payment of the accelerated RSUs will be made within the time prescribed for payment by the applicable award agreement, but in the second of those two years. Any portion of the award that is not vested (after giving effect to the foregoing acceleration provision, if applicable) will terminate as of your Termination Date.
 3. Front-Loaded Awards. Notwithstanding paragraphs 1 and 2 immediately above, if your employment with Yahoo! is terminated by Yahoo! in circumstances that would otherwise entitle you to accelerated vesting of all or a portion of an Outstanding Award pursuant to paragraph 1 or 2 above (other than the clause regarding continued application of an existing provision), and the award is designated as "front loaded" in the applicable notice of grant (or in any applicable offer letter), then the number of options/RSUs subject to the award that vest (on the later of your Termination Date or the date your full release of any and all claims against Yahoo! becomes final and irrevocable) will equal the quotient of (a) the portion of the award that would have vested under paragraph 1 or 2 above if the award were not a front-loaded award, divided by (b) the number of years of annual awards that particular grant represents, as stated in the applicable notice of grant (or in any applicable offer letter). Any RSUs accelerated under this paragraph will be paid as described in paragraph 2 above. Any portion of the award that is not vested (after giving effect to the foregoing acceleration provision, if applicable) will terminate as of your Termination Date. ***[Include this paragraph 3 only if the executive holds an Outstanding Award that has been designated as "front loaded."]***

In the event that a termination of your employment under the circumstances described above occurs and you would be entitled to greater accelerated vesting of any Outstanding Award in the circumstances under the terms of another agreement with, or applicable plan of, the Company than under the applicable provisions of this Agreement, you will be entitled to the accelerated vesting of the award provided in such other agreement or plan, and the provisions of this Agreement will be disregarded as to that award. In no event will you be entitled to accelerated vesting of an Outstanding Award under both this Agreement and another agreement or plan. For purposes of clarity, this agreement does not limit any right that you may have to accelerated vesting of your awards in any other circumstances (for example, and without limitation, upon a change in control) pursuant to the applicable agreement or plan.

You will be entitled to accelerated vesting of any then-outstanding equity awards that are granted after the date of this Agreement as and to the extent provided in the applicable award agreements.

Except as expressly set forth above, this Agreement does not modify any other terms of any of your Outstanding Awards. For avoidance of doubt, this Agreement does not modify any provisions of any Outstanding Awards that are RSUs that vest based on the Company's performance.]

Conditions of Severance; Exclusive Remedy. All benefits specified in this Agreement are conditioned on (1) you signing a full release of any and all claims against Yahoo! in a release form acceptable to Yahoo! (within the period specified in it by the Company, which in no event shall be more than fifty days following your Termination Date) and your not revoking such release pursuant to any revocation rights afforded by applicable law, and (2) your compliance with your obligations under your Employee Confidentiality and Assignment of Inventions Agreement, or similar agreement. To the extent that you are otherwise entitled to Continuation Payments as provided above, such payments shall not be suspended during the period of time you consider such a release, but shall terminate immediately in the event that you do not timely provide (or in the event that you revoke) such release. You agree that the benefits specified in this Agreement (and any applicable acceleration of vesting of an equity-based award in accordance with its terms) will constitute the exclusive and sole remedy for any termination of your employment and you covenant not to assert or pursue any other remedies, at law or in equity, with respect to your termination and/or employment.

Tax Matters.

(a) Withholding. Yahoo! will withhold required federal, state and local taxes from any and all payments contemplated by this Agreement.

(b) Section 280G. If any payment or benefit received or to be received by you (including any payment or benefit received pursuant to this Agreement or otherwise) would be (in whole or part) subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, or any successor provision thereto, or any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then, any cash severance benefits contemplated by Section 1 under "Severance" above and any accelerated

vesting of time-based RSUs, performance-based RSUs, and stock options will be reduced to the extent necessary to make such payments and benefits not subject to such Excise Tax, but only if such reduction results in a higher after-tax payment to you after taking into account the Excise Tax and any additional taxes you would pay if such payments and benefits were not reduced. If a reduction in cash severance and/or acceleration of vesting is so required, then, unless you elect a different order of reduction in advance (to the extent such an election may be made without resulting in any tax, penalty or interest under Code Section 409A), any cash severance payable in installment payments will be reduced first (with the installments scheduled to be paid latest in time reduced first), then any cash severance payable as a lump sum shall be reduced, then any accelerated vesting of equity incentive awards will be reduced (with time-based RSUs, performance-based RSUs, and stock options to be reduced in that order with the reduction made first as to the awards scheduled to vest latest in time).

(c) Responsibility for Taxes. Other than Yahoo!'s obligation and right to withhold federal, state and local taxes, you will be responsible for any and all taxes, interest, and penalties that may be imposed with respect to the payments contemplated by this Agreement (including, but not limited to, those imposed under Internal Revenue Code Section 409A). To the extent that this Agreement is subject to Internal Revenue Code Section 409A, you and Yahoo! agree that the terms and conditions of this Agreement will be construed and interpreted to the maximum extent reasonably possible, without altering the fundamental intent of this Agreement, to comply with and avoid the imputation of any tax, penalty or interest under Code Section 409A.

Notwithstanding any provision of this letter to the contrary, if you are a "specified employee" as defined in Section 409A of the U.S. Internal Revenue Code, you will not be entitled to any payments in connection with the termination of your employment until the date which is six months and one day after your Termination Date (or, if earlier, the date of your death) and any payment otherwise due in such period will be made within the 30 day period following the six month anniversary of your Termination Date (or, if earlier, within the 30 day period after the date of your death). The provisions of this paragraph will only apply if, and to the extent, required to comply with Code Section 409A. For purposes of Code Section 409A, each payment made under this letter is designated as a "separate payment" within the meaning of Code Section 409A.

Change in Control Severance. Notwithstanding the foregoing provisions, in the event that you are otherwise entitled to receive severance benefits in connection with a termination of your employment under both this Agreement and the Company's Change in Control Employee Severance Plan, as amended, or any successor plan thereto (the "CIC Plan"), you will receive either the cash severance and Continuation Payments provided under the CIC Plan or under this Agreement, whichever is greater, but in no event will you be entitled to receive such benefits under both the CIC Plan and this Agreement.

By executing this Agreement, you and the Company agree that Section 2.7 of the CIC Plan, as it applies to any benefits you may receive thereunder, is hereby amended, effective immediately, to provide that, if the period of 60 business days following the Severance Date (as defined in the CIC Plan) referred to in such section spans two calendar years, the Benefit Commencement Date (as defined in the CIC Plan) will occur in the second of the two calendar years.

Amendment. Except as provided in the next sentence, this Agreement may be amended only by a written agreement signed by both you and by an authorized officer of the Company. Effective as of December 31, 2015 or the end of any subsequent year, the Company may modify this Agreement in any manner, provided (1) the Company has notified you of the pending modification at least ninety days in advance of the proposed effective date of such modification, and (2) your employment is not terminated by the Company prior to the effective date of any such modification in circumstances that entitle you to severance under this Agreement. (In the event the Company modifies the “Equity Awards” section, above, corresponding amendments shall automatically occur to your Outstanding Awards, except as may otherwise be expressly provided by the Company at the time of such modification. (For example, if the Company terminates this Agreement, the equity award amendments effected by the “Equity Awards” section above shall correspondingly be reversed.) You hereby consent in writing to any such further amendment of your Outstanding Awards.)

Entire Agreement. This Agreement, together with the agreements that evidence any equity-based awards granted to you by Yahoo!, 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 such subject matter including, but not limited to, any provisions relating to severance and/or acceleration of equity detailed in your offer letter. The CIC Plan and any Employee Confidentiality and Assignment of Inventions Agreement (or similar agreement) are outside the scope of the foregoing integration provision.

At-Will Employment. Nothing in this letter alters the at-will nature of your employment relationship with Yahoo! or creates a contract for employment for a specified period of time. Either you or Yahoo! may terminate the employment relationship at any time, with or without cause and with or without advance notice.

Sincerely,

YAHOO! INC.

By: _____

NAME

TITLE

Yahoo! Human Resources

I accept and agree to the terms and conditions outlined in this Agreement.

«full_name»

Date



«date»

Marissa A. Mayer

Dear Marissa:

On behalf of Yahoo! Inc. ("Yahoo!" or the "Company"), I am pleased to inform you that Yahoo! will provide you with the severance protections described in this letter agreement ("Agreement"). This Agreement is being offered to you to provide both you and Yahoo! with certainty in the event that your employment with Yahoo! is terminated by Yahoo! without Cause.¹ You will not be entitled to any severance benefits under this Agreement if your employment is terminated with Cause, if you voluntarily resign from your employment with Yahoo! for any reason, or if your employment terminates due to your death or disability (except as related to Equity Awards and specifically described below).²

Severance. If your employment is terminated by Yahoo! without Cause (and other than due to your death or disability (except as related to Equity Awards and specifically described below)), and you comply with the release and other requirements described in this Agreement, then you will be entitled to the benefits set forth below this paragraph. Yahoo! will provide you with written notice that your employment will terminate (the "Termination Notice"). You may remain employed by Yahoo! for a period of time as determined by Yahoo!, in its sole discretion, after the Termination Notice is provided (the "Notice Period"), but such period will not exceed _____ months. (For purposes of clarity, a Notice Period is not required, and the Company may terminate your employment immediately at any time upon delivery of a Termination Notice without providing a Notice Period. You will not be entitled to the benefits described below if you resign from employment during the Notice Period before the termination date determined by Yahoo!.) The date your employment with Yahoo! terminates will be considered your "Termination Date."

¹ For purposes of this Agreement, the term "Cause" is used as defined in your offer letter from the Company dated July 16, 2012.

² In no event will you be considered to have terminated employment for purposes of this letter if your employment by Yahoo! (including a subsidiary or affiliate) terminates and, immediately after such termination, you continue as an employee of another subsidiary or affiliate of Yahoo! (or Yahoo! Inc. if you had previously been employed by a subsidiary).

1. Yahoo! will pay you the following amounts in cash as severance:
 - a. an amount equal to your base salary (at the monthly rate in effect at the time the Termination Notice is provided to you) for a period of 12 months less the number of months in the Notice Period (including partial months), such amount to be paid in a single lump sum;
 - b. a lump sum payment equal to 100% of your annual target bonus for the year in which your Termination Notice is provided; and
 - c. If your Termination Date is between January 1 and the date that annual bonus payments are paid for the prior year (typically mid-March), or if your Termination Date is after payment of such bonus but you were ineligible for such bonus as a result of receiving Termination Notice from Yahoo!, a lump sum payment of the annual bonus you would have been entitled to receive for the prior year if Yahoo! had not provided you with Termination Notice or your employment had not terminated, as the case may be.

The severance payments described above will be made on or before the 60th business day following your Termination Date, provided that if such period of 60 business days spans two calendar years, such payments will be made in the second of the two calendar years, and provided, further, that the bonus referred to in 1(c) above (if applicable) will be paid at the same time bonuses for the applicable year are paid to the Company's employees generally.

If your Termination Date occurs in 2013, Yahoo! will also pay you a lump sum payment of a prorated bonus for 2013, determined by multiplying (i) the lesser of your annual target bonus for 2013 or the annual bonus you would have been entitled to receive for 2013 if your employment had not terminated by (ii) a fraction, the numerator of which is the number of whole months of your active employment with Yahoo! during 2013 and the denominator of which is twelve (12). Such payment will be paid at the same time bonuses for 2013 are paid to the Company's employees generally.

2. Provided that you timely elect continued coverage under COBRA, Yahoo! will pay you an amount (a "Continuation Payment") equal to your premium for continued group health coverage for the period you continue COBRA coverage (up to a maximum of 12 months following your Termination Date), provided that Yahoo!'s obligation to make such Continuation Payments will cease if you become eligible for coverage under the health plan of another employer or Yahoo! ceases to offer group medical coverage to its active executive employees or otherwise is under no obligation to offer you COBRA continuation coverage (note: you are required to advise Yahoo! immediately upon becoming eligible for coverage under the health plan of another employer).

Equity Awards. To the extent that you hold stock options that are outstanding and unvested under Yahoo!'s equity incentive plans as of the date of this Agreement (your "Outstanding Awards"), the award agreement that evidences each such Outstanding Award is hereby amended to include the following provision:

- If your employment with Yahoo! is terminated by Yahoo! without Cause or as a result of your death or Total Disability (as such term is defined in the Yahoo! Inc. 1995 Stock

Plan, as amended), the vested portion of each of your Outstanding Awards will be exercisable for six months following your Termination Date (or in the case of any portion of a performance option held open on the Termination Date, for six months following the date on which such portion would otherwise have become exercisable due to the Company's performance) or any longer period specified in the applicable option agreement, subject to the maximum term applicable to such option.

Except as expressly set forth above, this Agreement does not modify any other terms of any of your Outstanding Awards.

Conditions of Severance; Exclusive Remedy. All benefits specified in this Agreement are conditioned on (1) you signing a full release of any and all claims against Yahoo! in a release form acceptable to Yahoo! (within the period specified in it by the Company, which in no event shall be more than fifty days following your Termination Date) and your not revoking such release pursuant to any revocation rights afforded by applicable law, and (2) your compliance with your obligations under your Employee Confidentiality and Assignment of Inventions Agreement, or similar agreement. To the extent that you are otherwise entitled to Continuation Payments as provided above, such payments shall not be suspended during the period of time you consider such a release, but shall terminate immediately in the event that you do not timely provide (or in the event that you revoke) such release. You agree that the benefits specified in this Agreement (and any applicable acceleration of vesting of an equity-based award in accordance with its terms) will constitute the exclusive and sole remedy for any termination of your employment and you covenant not to assert or pursue any other remedies, at law or in equity, with respect to your termination and/or employment.

Tax Matters.

(a) Withholding. Yahoo! will withhold required federal, state and local taxes from any and all payments contemplated by this Agreement.

(b) Section 280G. If any payment or benefit received or to be received by you (including any payment or benefit received pursuant to this Agreement or otherwise) would be (in whole or part) subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, or any successor provision thereto, or any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then, any cash severance benefits contemplated by Section 1 under "Severance" above and any accelerated vesting of time-based RSUs, performance-based RSUs, and stock options will be reduced to the extent necessary to make such payments and benefits not subject to such Excise Tax, but only if such reduction results in a higher after-tax payment to you after taking into account the Excise Tax and any additional taxes you would pay if such payments and benefits were not reduced. If a reduction in cash severance and/or acceleration of vesting is so required, then, unless you elect a different order of reduction in advance (to the extent such an election may be made without resulting in any tax, penalty or interest under Code Section 409A), any cash severance payable in installment payments will be reduced first (with the installments scheduled to be paid latest in time reduced first), then any cash severance payable as a lump sum shall be reduced, then any accelerated vesting of equity incentive awards will be reduced (with time-based RSUs,

performance-based RSUs, and stock options to be reduced in that order with the reduction made first as to the awards scheduled to vest latest in time).

(c) Responsibility for Taxes. Other than Yahoo!'s obligation and right to withhold federal, state and local taxes, you will be responsible for any and all taxes, interest, and penalties that may be imposed with respect to the payments contemplated by this Agreement (including, but not limited to, those imposed under Internal Revenue Code Section 409A). To the extent that this Agreement is subject to Internal Revenue Code Section 409A, you and Yahoo! agree that the terms and conditions of this Agreement will be construed and interpreted to the maximum extent reasonably possible, without altering the fundamental intent of this Agreement, to comply with and avoid the imputation of any tax, penalty or interest under Code Section 409A.

Notwithstanding any provision of this letter to the contrary, if you are a "specified employee" as defined in Section 409A of the U.S. Internal Revenue Code, you will not be entitled to any payments in connection with the termination of your employment until the date which is six months and one day after your Termination Date (or, if earlier, the date of your death) and any payment otherwise due in such period will be made within the 30 day period following the six month anniversary of your Termination Date (or, if earlier, within the 30 day period after the date of your death). The provisions of this paragraph will only apply if, and to the extent, required to comply with Code Section 409A. For purposes of Code Section 409A, each payment made under this letter is designated as a "separate payment" within the meaning of Code Section 409A.

Change in Control Severance. Notwithstanding the foregoing provisions, in the event that you are otherwise entitled to receive severance benefits in connection with a termination of your employment under both this Agreement and the Company's Change in Control Employee Severance Plan, as amended, or any successor plan thereto (the "CIC Plan"), you will receive either the cash severance and Continuation Payments provided under the CIC Plan or under this Agreement, whichever is greater, but in no event will you be entitled to receive such benefits under both the CIC Plan and this Agreement.

By executing this Agreement, you and the Company agree that Section 2.7 of the CIC Plan, as it applies to any benefits you may receive thereunder, is hereby amended, effective immediately, to provide that, if the period of 60 business days following the Severance Date (as defined in the CIC Plan) referred to in such section spans two calendar years, the Benefit Commencement Date (as defined in the CIC Plan) will occur in the second of the two calendar years.

Amendment. Except as provided in the next sentence, this Agreement may be amended only by a written agreement signed by both you and by an authorized officer of the Company. Effective as of December 31, 2015 or the end of any subsequent year, the Company may modify this Agreement in any manner, provided (1) the Company has notified you of the pending modification at least ninety days in advance of the proposed effective date of such modification, and (2) your employment is not terminated by the Company prior to the effective date of any such modification in circumstances that entitle you to severance under this Agreement. (In the event the Company modifies the "Equity Awards" section, above, corresponding amendments shall automatically occur to your Outstanding Awards, except as may otherwise be expressly provided by the Company at the time of such modification. (For example, if the Company

terminates this Agreement, the equity award amendments effected by the "Equity Awards" section above shall correspondingly be reversed.) You hereby consent in writing to any such further amendment of your Outstanding Awards.)

Entire Agreement. This Agreement and your offer letter from the Company dated July 16, 2012, together with the agreements that evidence any equity-based awards granted to you by Yahoo!, 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 such subject matter. The CIC Plan and any Employee Confidentiality and Assignment of Inventions Agreement (or similar agreement) are outside the scope of the foregoing integration provision.

At-Will Employment. Nothing in this letter alters the at-will nature of your employment relationship with Yahoo! or creates a contract for employment for a specified period of time. Either you or Yahoo! may terminate the employment relationship at any time, with or without cause and with or without advance notice.

Mayer Severance Agreement (February 2013)

Sincerely,

YAHOO! INC.

By: _____

NAME

TITLE

Yahoo! Human Resources

I accept and agree to the terms and conditions outlined in this Agreement.

Marissa A. Mayer

Date

Mayer Severance Agreement (February 2013)

6