



Q3'07 Financial Highlights

October 16, 2007

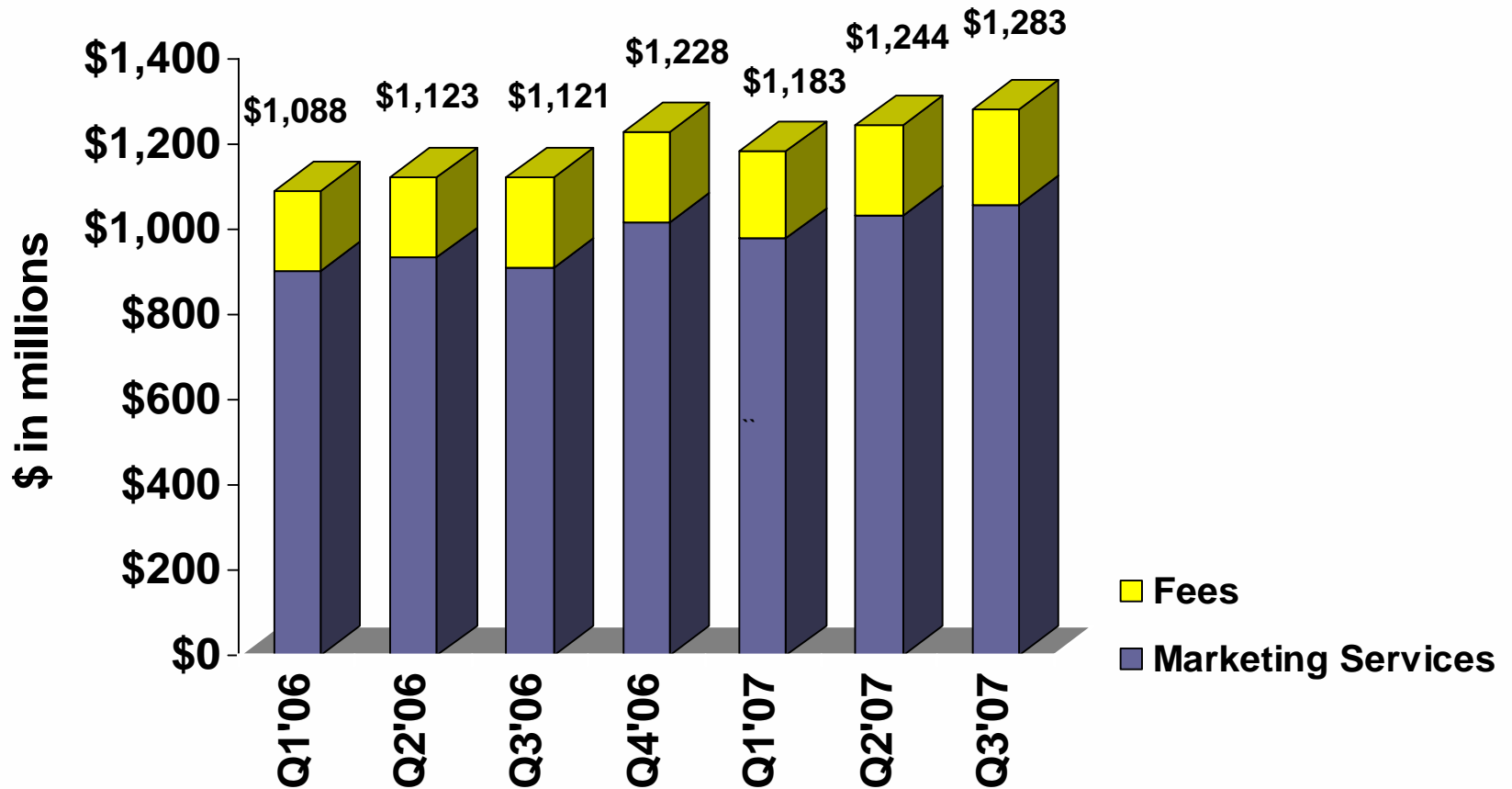


Note:

The matters discussed in this presentation contain forward-looking statements that involve risks and uncertainties concerning Yahoo!'s expected financial performance, as well as Yahoo!'s strategic and operational plans. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties include, among others, the implementation and results of the Company's ongoing strategic initiatives; the Company's ability to compete with new or existing competitors; the successful implementation, and acceptance by advertisers, of the Company's new search advertising system; reduction in spending by, or loss of, marketing services customers; the demand by customers for Yahoo!'s premium services; acceptance by users of new products and services; risks related to joint ventures and the integration of acquisitions; risks related to the Company's international operations; failure to manage growth and diversification; adverse results in litigation, including intellectual property infringement claims; the Company's ability to protect its intellectual property and the value of its brands; dependence on senior management and other key personnel; dependence on third parties for technology, services, content and distribution; and general economic conditions. All information in this presentation is as of October 16, 2007 and Yahoo! does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. More information about potential factors that could affect Yahoo!'s business and financial results is included in Yahoo!'s Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, which are on file with the Securities and Exchange Commission ("SEC") and available online at www.sec.gov.



Quarterly Revenue ex-TAC Trends



Note: Revenue excluding traffic acquisition costs (Revenue ex-TAC) is a non-GAAP measure defined as Gross Profit plus Other Cost of Revenues. Please refer to supporting Table 1 for Revenue ex-TAC reconciliation. Throughout this presentation, we have rounded numbers as appropriate.



Revenue and Revenue ex-TAC Comparisons

\$ in millions	Q3'06	Q2'07	Q3'07	Q3'07	
				YOY	QOQ
Revenues for Groups of Similar Services					
Marketing Services:					
Owned and Operated sites ⁽¹⁾	\$741.9	\$890.9	\$921.9	24%	4%
Affiliate sites ⁽²⁾	628.5	595.2	621.7	(1%)	4%
Fees	<u>209.9</u>	<u>211.9</u>	<u>223.9</u>	7%	6%
Total Revenue	\$1,580.3	\$1,697.9	\$1,767.5	12%	4%
Revenue ex-TAC					
Marketing Services:					
Owned and Operated sites ⁽¹⁾	\$733.5	\$879.8	\$896.8	22%	2%
Affiliate sites ⁽²⁾	178.1	152.1	161.9	(9%)	6%
Fees	<u>209.9</u>	<u>211.9</u>	<u>223.9</u>	7%	6%
Total	\$1,121.5	\$1,243.8	\$1,282.6	14%	3%
Revenue ex-TAC					
United States	\$836.6	\$935.7	\$962.1	15%	3%
International	<u>284.9</u>	<u>308.1</u>	<u>320.5</u>	13%	4%
Total	\$1,121.5	\$1,243.8	\$1,282.6	14%	3%

Note: Revenue ex-TAC is a non-GAAP measure defined as Gross Profit plus Other Cost of Revenues. For Q2'06, marketing services revenues from Owned and Operated sites and marketing services revenues ex-TAC from Owned and Operated sites were \$752.4 million and \$746.0 million, respectively, and marketing services revenues from Affiliate sites and marketing services revenues ex-TAC from Affiliate sites were \$633.8 million and \$187.0 million, respectively. Please refer to supporting Table 1 for Revenue ex-TAC reconciliation.

(1) Refers to Yahoo!'s owned and operated online properties and services.

(2) Refers to Yahoo!'s distribution network of third-party entities that have integrated Yahoo!'s search and/or display advertising offerings into their websites.



Operating Cash Flow (OCF) Trends



Note: Operating Cash Flow (OCF) is also referred to as Operating Income Before Depreciation, Amortization and Stock-Based Compensation Expense. Operating Cash Flow is a non-GAAP measure defined as Income from operations before depreciation, amortization of intangible assets and stock-based compensation expense (including the compensation of Terry Semel, who served as our chief executive officer through June 18, 2007 and whose compensation after June 1, 2006 consisted almost entirely of stock-based compensation). Please refer to supporting Table 2 for Operating Cash Flow reconciliation and Table 9 for GAAP Operating Income as a Percentage of Gross Profit by Segment.



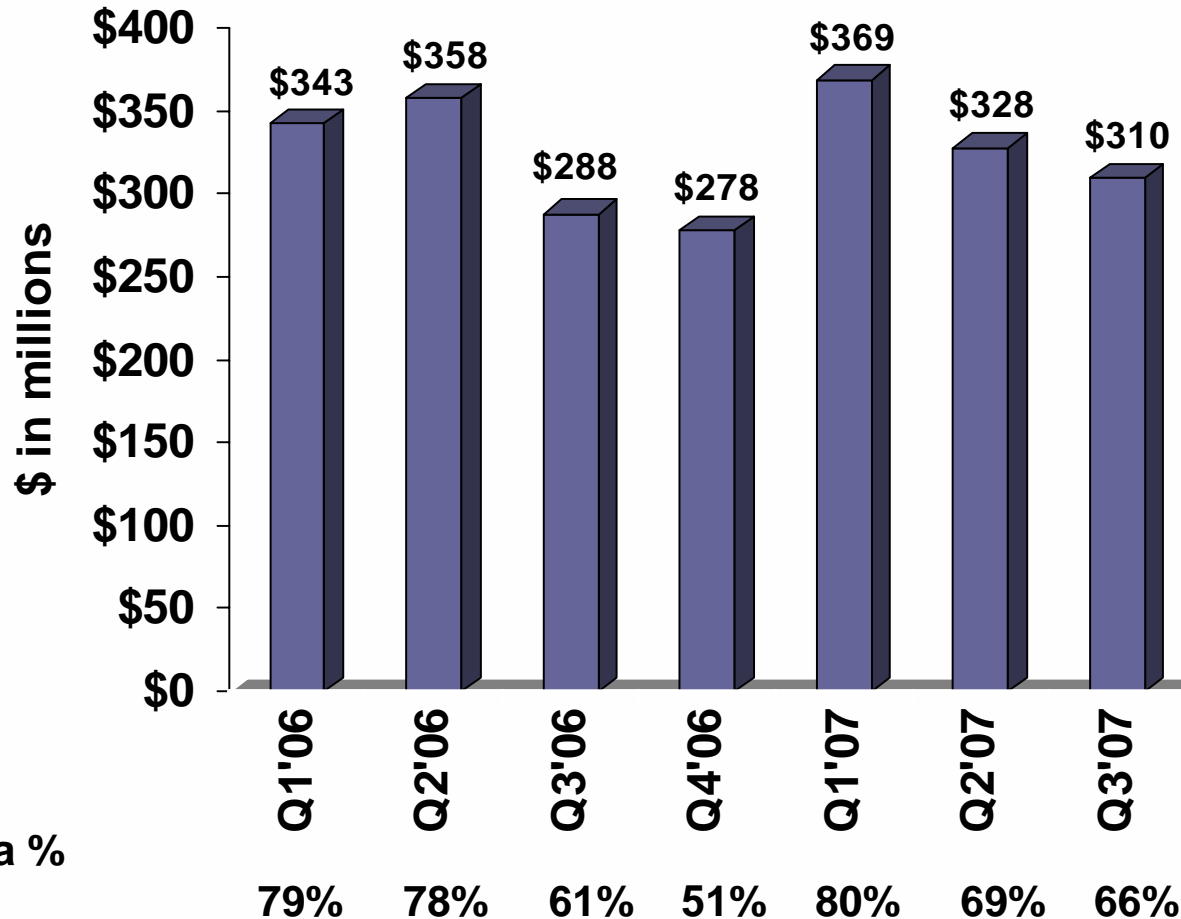
Operating Cash Flow Comparisons

<i>\$ in millions</i>	Q3'06	Q2'07	Q3'07	Q3'07	
				YOY	QOQ
Operating Cash Flow					
United States	\$365.6	\$362.3	\$338.4	(7%)	(7%)
International	<u>\$108.2</u>	<u>111.3</u>	<u>127.9</u>	18%	15%
Total	\$473.7	\$473.6	\$466.3	(2%)	(2%)
Operating Cash Flow as a Percent of Revenue ex-TAC					
United States	44%	39%	35%		
International	38%	36%	40%		
Total	42%	38%	36%		

Note: Operating Cash Flow is a non-GAAP measure defined as Income from operations before depreciation, amortization of intangible assets and stock-based compensation expense (including the compensation of Terry Semel, who served as our chief executive officer through June 18, 2007 and whose compensation after June 1, 2006 consisted almost entirely of stock-based compensation). Please refer to supporting Table 2 for Operating Cash Flow reconciliation and Table 9 for GAAP Operating Income as a Percentage of Gross Profit by Segment.



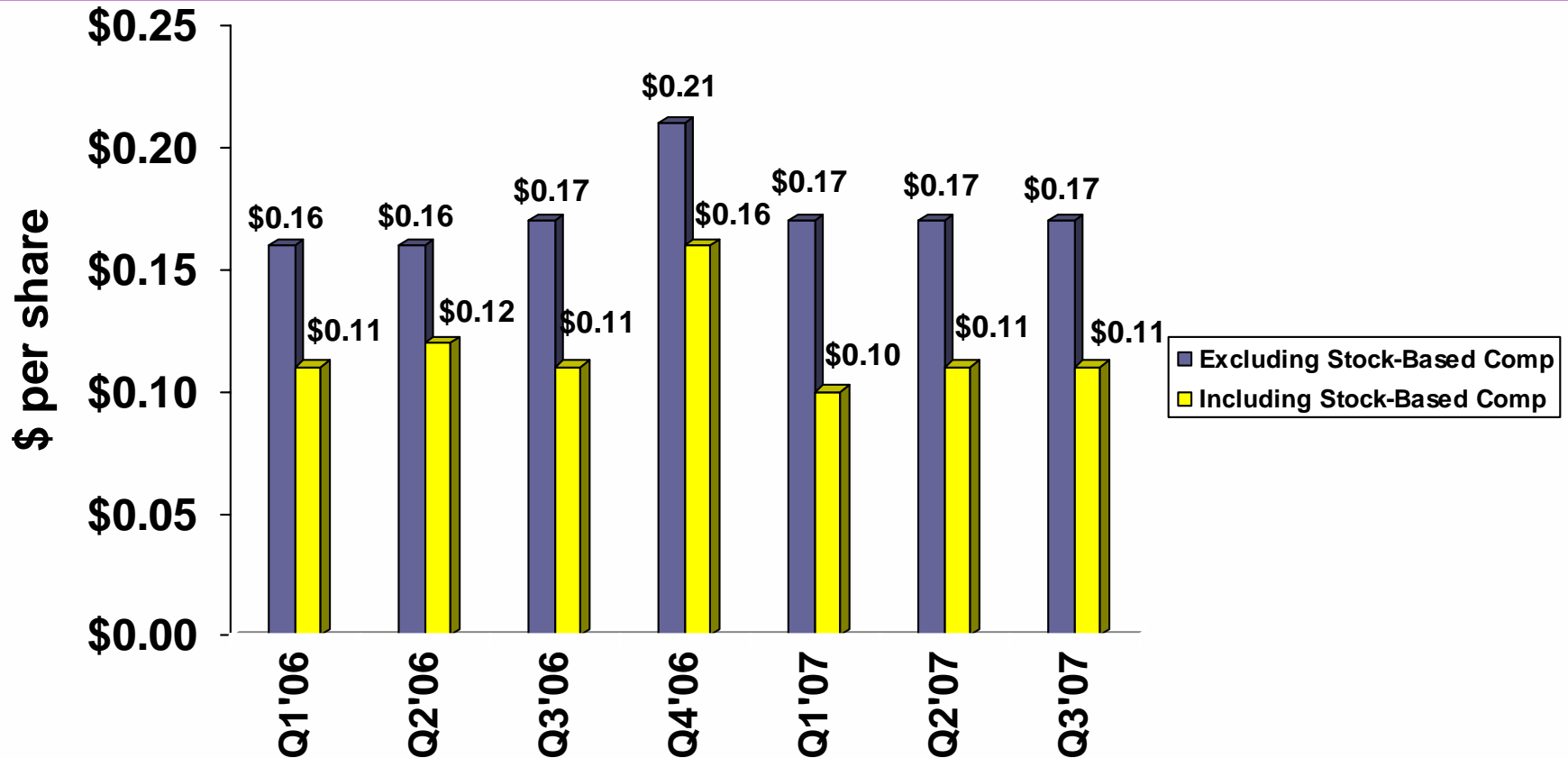
Free Cash Flow (FCF) Trends



Note: Free Cash Flow (FCF) is a non-GAAP measure defined as cash flow from operating activities (adjusted to include excess tax benefits from stock-based compensation), less net capital expenditures and dividends received. Please refer to supporting Table 3 for FCF reconciliation and Table 10 for Cash Flow from Operations as a Percentage of Operating Income and as a Percentage of Gross Profit.



Non-GAAP Net Income Per Share Trends



Note: All per share amounts are based on fully diluted share counts. The first column in each pair of columns represents a non-GAAP net income per share financial measure that excludes stock-based compensation expense calculated under the fair value method under Statement of Financial Accounting Standard No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R") for all periods presented. The values in the second column include stock-based compensation expense calculated under the fair value method under SFAS 123R for all periods presented. Please refer to supporting Tables 4 and 5 and the notes to Tables 4 and 5 for details of adjustments and the reconciliation of GAAP net income per share to non-GAAP net income per share.



Key Balance Sheet Metrics

<i>\$ in millions except where noted</i>	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07
Cash & Marketable Debt Securities	\$3,833	\$3,965	\$3,230	\$3,537	\$3,128	\$3,152	\$2,763
Accounts Receivable, net	\$767	\$792	\$784	\$931	\$893	\$892	\$950
<i>DSO (in days)</i>	44	46	46	50	48	48	49
Current Deferred Revenue	\$324	\$349	\$329	\$318	\$331	\$342	\$337

Note: In Q3'07, the cash and marketable debt securities balance was \$2,763 million, a decrease of \$389 million from Q2'07, due to \$310 million of Free Cash Flow (see supporting Table 3 for Free Cash Flow reconciliation) and \$40 million of cash generated from the issuance of common stock as a result of the exercise of employee stock options, offset by \$350 million used in direct stock repurchases and a net \$319 million used for acquisitions.



Key Productivity and Monetization Metrics

<i>Figures are as of quarter-end</i>	Q3'06	Q2'07	Q3'07	Q3'07	
				YOY	QOQ
Revenue ex-TAC per Average Unique User Per Month (in ones)	\$0.90	\$0.90	\$0.91	1%	1%
Annualized Revenue ex-TAC per Average Employee (in thousands, except %)	\$418	\$412	\$394	(6%)	(5%)

Note: Revenue ex-TAC is a non-GAAP measure defined as Gross Profit plus Other Cost of Revenues. Please refer to supporting Table 1 for Revenue ex-TAC reconciliation. Unique User figures exclude Yahoo! Japan and Yahoo! China for all periods presented and are based on internal estimates.



Business Outlook

<i>\$ in millions</i>	Previous Outlook	Current Outlook	
	FY'07	Q4'07	FY'07
Revenue ex-TAC	\$4,890-\$5,190	\$1,310-\$1,450	\$5,020-\$5,160
Operating Cash Flow (OCF)	\$1,775-\$1,955	\$480-\$550	\$1,880-\$1,950
Free Cash Flow (FCF)	\$1,125-\$1,275	-	\$1,200-\$1,300
Capital Expenditures	\$625-\$675	-	\$625-\$675

Note: The current outlook is as of October 16, 2007. Yahoo! does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.

Please refer to supporting Tables 6, 7 and 8 for Revenue ex-TAC, Operating Cash Flow and Free Cash Flow outlook reconciliations.





Table 1 – Revenue ex-TAC Calculation by Segment

Reconciliation of Gross Profit to Revenue ex-TAC

<i>\$ in million</i>	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07
United States							
Gross Profit	\$682.4	\$679.1	\$654.2	\$746.1	\$701.8	\$752.6	\$752.5
Other Cost of Revenues	<u>144.3</u>	<u>157.4</u>	<u>182.4</u>	<u>175.8</u>	<u>181.2</u>	<u>183.1</u>	<u>209.6</u>
Revenue ex-TAC	\$826.7	\$836.5	\$836.6	\$921.9	\$882.9	\$935.7	\$962.1
International							
Gross Profit	\$226.7	\$251.0	\$245.0	\$265.4	\$256.5	\$262.3	\$274.8
Other Cost of Revenues	<u>34.3</u>	<u>35.2</u>	<u>39.9</u>	<u>40.6</u>	<u>43.7</u>	<u>45.8</u>	<u>45.7</u>
Revenue ex-TAC	\$261.0	\$286.2	\$284.9	\$306.0	\$300.1	\$308.1	\$320.5
Worldwide							
Gross Profit	\$909.1	\$930.1	\$899.2	\$1,011.6	\$958.2	\$1,014.9	\$1,027.3
Other Cost of Revenues	<u>178.6</u>	<u>192.6</u>	<u>222.3</u>	<u>216.4</u>	<u>224.9</u>	<u>228.9</u>	<u>255.3</u>
Revenue ex-TAC	\$1,087.7	\$1,122.7	\$1,121.5	\$1,227.9	\$1,183.1	\$1,243.8	\$1,282.6

Note: Revenue ex-TAC is a non-GAAP measure defined as Gross Profit plus Other Cost of Revenues.



Table 2 – Operating Cash Flow Calculation by Segment

Reconciliation of Operating Income to Operating Cash Flow

<i>\$ in millions</i>	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07
United States							
Operating Income	\$137.0	\$148.1	\$132.3	\$204.2	\$92.8	\$116.9	\$68.6
Depreciation & Amortization	100.6	103.1	123.2	110.3	121.8	129.9	139.8
Stock-Based Compensation Expense	<u>97.8</u>	<u>89.4</u>	<u>110.1</u>	<u>97.3</u>	<u>126.9</u>	<u>115.6</u>	<u>130.0</u>
Operating Cash Flow	\$335.3	\$340.6	\$365.6	\$411.7	\$341.5	\$362.3	\$338.4
International							
Operating Income	\$64.3	\$81.4	\$70.0	\$90.8	\$76.2	\$68.1	\$81.6
Depreciation & Amortization	24.5	24.5	26.7	27.2	29.2	30.0	30.8
Stock-Based Compensation Expense	<u>10.9</u>	<u>10.4</u>	<u>11.4</u>	<u>10.6</u>	<u>13.1</u>	<u>13.2</u>	<u>15.5</u>
Operating Cash Flow	\$99.7	\$116.3	\$108.2	\$128.7	\$118.5	\$111.3	\$127.9
Worldwide							
Operating Income	\$201.2	\$229.6	\$202.3	\$295.0	\$169.0	\$185.0	\$150.2
Depreciation & Amortization	125.1	127.5	149.9	137.5	151.0	159.9	170.6
Stock-Based Compensation Expense	<u>108.6</u>	<u>99.7</u>	<u>121.5</u>	<u>107.9</u>	<u>140.0</u>	<u>128.8</u>	<u>145.5</u>
Operating Cash Flow	\$434.9	\$456.9	\$473.7	\$540.4	\$460.0	\$473.6	466.3

Note: Operating Cash Flow (OCF) is a non-GAAP measure defined as Income from operations before depreciation, amortization of intangible assets and stock-based compensation expense (including the compensation of Terry Semel, who served as our chief executive officer through June 18, 2007 and whose compensation after June 1, 2006 consisted almost entirely of stock-based compensation). Stock-based compensation expense includes the impact of the adoption of SFAS 123R.



Table 3 - Free Cash Flow Calculation

Reconciliation of Cash Flow from Operating Activities to FCF

<i>\$ in millions</i>	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07
Free Cash Flow							
Cash Flow from Operating Activities	\$384.9	\$429.7	\$389.7	\$167.4	\$441.2	\$405.6	\$456.7
Acquisition of Property & Equipment, Net	(141.7)	(175.1)	(240.7)	(131.6)	(118.0)	(144.7)	(147.2)
Dividends Received	-	(12.9)	-	-	-	(15.2)	-
Excess Tax Benefits from Stock-Based Comp	<u>99.8</u>	<u>116.1</u>	<u>139.0</u>	<u>242.2</u>	<u>45.5</u>	<u>82.4</u>	-
Total	\$342.9	\$357.8	\$287.9	\$278.0	\$368.8	\$328.2	\$309.6

Note: Free Cash Flow (FCF) is a non-GAAP measure defined as cash flow from operating activities (adjusted to include excess tax benefits from stock-based compensation), less net capital expenditures and dividends received. The excess tax benefits from stock-based compensation, as reported on the statements of cash flows in financing activities, represent the reduction in income taxes otherwise payable during the period, attributable to the actual gross tax benefits in excess of the expected tax benefits for options exercised in current and prior periods. The Company does not adjust free cash flow unless the adjustments exceed a threshold of 3% of free cash flow on a net basis.



Table 4 – Non-GAAP Net Income Per Share Calculation (Including Stock-Based Comp Expense)

Reconciliation of GAAP Net Income and GAAP Net Income Per Share to Non-GAAP Net Income and Non-GAAP Net Income Per Share

<i>\$ in millions except per share amounts</i>	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07
GAAP Net Income	\$159.9	\$164.3	\$158.5	\$268.7	\$142.4	\$160.6	\$151.3
Adjustments	<u>1.2</u>	<u>8.5</u>	<u>1.9</u>	<u>(39.5)</u>	-	-	-
Non-GAAP Net Income, Including FV Stock-Based Comp Expense	\$161.0	\$172.8	\$160.4	\$229.2	\$142.4	\$160.6	\$151.3
GAAP Net Income Per Share	\$0.11	\$0.11	\$0.11	\$0.19	\$0.10	\$0.11	\$0.11
Non-GAAP Net Income/Share, Incl. FV Stock-Based Comp Expense	\$0.11	\$0.12	\$0.11	\$0.16	\$0.10	\$0.11	\$0.11
Diluted Shares Outstanding	1,493.3	1,476.6	1,442.4	1,419.1	1,418.2	1,403.8	1,395.1

Note: All per share amounts are based on fully diluted share counts. The Q1'06 adjustment of \$1.2 million reflects an adjustment to the provision for income taxes to reflect an effective tax rate of 43%. The Q2'06 adjustment of \$8.5 million reflects an adjustment to the provision for income taxes to reflect an effective tax rate of 43%. The Q3'06 adjustments include a reversal of an earn-out accrual of (\$10.0 million), a non-cash gain arising from increased dilution of our ownership in Alibaba, resulting in the recognition of a further gain on the sale of Yahoo! China of (\$14.3 million), a reduction to the provision for income taxes to eliminate a charge related to a subsidiary restructuring transaction reported in the three months ended December 31, 2005 of \$10.6 million, as well as an adjustment of \$15.6 million to the provision for income taxes to reflect an effective tax rate of 43% and to reflect the tax impact of all adjustments. The Q4'06 adjustments include an adjustment of (\$28.7 million) to the provision for income taxes to eliminate tax charges and credits related to one-time tax adjustments recorded in the current period, as well as an adjustment of (\$10.8 million) to the provision for income taxes to reflect an effective tax rate of 43%.



Table 5 – Non-GAAP Net Income Per Share Calculation (Excluding Stock-Based Comp Expense)

Reconciliation of GAAP Net Income and GAAP Net Income Per Share to Non-GAAP Net Income and Non-GAAP Net Income Per Share

<i>\$ in millions except per share amounts</i>	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07
GAAP Net Income	\$159.9	\$164.3	\$158.5	\$268.7	\$142.4	\$160.6	\$151.3
Add: Stock-Based Compensation Expense	108.6	99.7	121.5	95.1	140.0	128.8	145.5
Other Adjustments	<u>(35.2)</u>	<u>(23.5)</u>	<u>(39.9)</u>	<u>(67.3)</u>	<u>(48.4)</u>	<u>(51.6)</u>	<u>(58.5)</u>
Non-GAAP Net Income, Excluding FV Stock-Based Comp Expense	\$233.3	\$240.6	\$240.2	\$296.5	\$234.1	\$237.8	\$238.3
GAAP Net Income Per Share	\$0.11	\$0.11	\$0.11	\$0.19	\$0.10	\$0.11	<i>\$0.11</i>
Non-GAAP Net Income/Share, Excl. FV Stock-Based Comp Expense	\$0.16	\$0.16	\$0.17	\$0.21	\$0.17	\$0.17	\$0.17
Diluted Shares Outstanding	1,493.3	1,476.6	1,442.4	1,419.1	1,418.2	1,403.8	1,395.1

Note: All per share amounts are based on fully diluted share counts. The Q1'06 other adjustment of (\$35.2 million) reflects an adjustment to the provision for income taxes to reflect an effective tax rate of 40% and the tax impact of stock-based compensation expense. The Q2'06 other adjustment of (\$23.5 million) reflects an adjustment to the provision for income taxes to reflect an effective tax rate of 40% and the tax impact of stock-based compensation expense. The Q3'06 other adjustments include a reversal of an earn-out accrual of (\$10.0 million), a non-cash gain arising from increased dilution of our ownership in Alibaba, resulting in the recognition of a further gain on the sale of Yahoo! China of (\$14.3 million), a reduction to the provision for income taxes to eliminate a charge related to a subsidiary restructuring transaction reported in the three months ended December 31, 2005 of \$10.6 million, as well as an adjustment of (\$26.2 million) to the provision for income taxes to reflect an effective tax rate of 40% and to reflect the tax impact of all adjustments. The Q4'06 other adjustments include an adjustment of (\$28.7 million) to the provision for income taxes to eliminate tax charges and credits related to one-time tax adjustments recorded in the current period, as well as an adjustment of (\$38.6 million) to the provision for income taxes to reflect an effective tax rate of 40% and to reflect the tax impact of all adjustments. The Q1'07 other adjustment of (\$48.4 million) reflects an adjustment to the provision for income taxes to reflect the tax impact of stock-based compensation expense, yielding an effective tax rate of 41%. The Q2'07 other adjustment of (\$51.6 million) reflects an adjustment to the provision for income taxes to reflect the tax impact of stock-based compensation expense, yielding an effective tax rate of 40%. The Q3'07 other adjustment of (\$58.5 million) reflects an adjustment to the provision for income taxes to reflect the tax impact of stock-based compensation expense, yielding an effective tax rate of 40%.



Table 6 – Revenue ex-TAC Outlook Calculation

Reconciliation of Gross Profit to Revenue ex-TAC Outlook

<i>\$ in millions</i>	Previous FY'07	Current	
		Q4'07	FY'07
Revenue ex-TAC			
Gross Profit	\$4,025-\$4,205	\$1,055-\$1,165	\$4,056-\$4,166
Other Cost of Revenues	<u>865-985</u>	<u>255-285</u>	<u>964-994</u>
Total	\$4,890-\$5,190	\$1,310-\$1,450	\$5,020-\$5,160

Note: Revenue ex-TAC is a non-GAAP measure defined as Gross Profit plus Other Cost of Revenues. The current outlook is as of October 16, 2007. Yahoo! does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.



Table 7 – Operating Cash Flow Outlook Calculation

Reconciliation of Operating Income to OCF Outlook

<i>\$ in millions</i>	Previous FY'07	Current	
		Q4'07	FY'07
Operating Cash Flow			
Operating Income	\$625-\$725	\$155-\$175	\$658-\$678
Depreciation & Amortization	600-640	160-180	642-662
Stock-Based Compensation Expense	<u>550-590</u>	<u>165-195</u>	<u>580-610</u>
Total	\$1,775-\$1,955	\$480-\$550	\$1,880-\$1,950

Note: Operating Cash Flow (OCF) is a non-GAAP measure defined as Income from operations before depreciation, amortization of intangible assets and stock-based compensation expense (including the compensation of Terry Semel, who served as our chief executive officer through June 18, 2007 and whose compensation after June 1, 2006 consisted almost entirely of stock-based compensation). The current outlook is as of October 16, 2007. Yahoo! does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.



Table 8 - Free Cash Flow Outlook Calculation

Reconciliation of Cash Flow from Operating Activities Outlook to FCF Outlook

<i>\$ in millions</i>	<i>Previous FY'07</i>	<i>Current FY'07</i>
Free Cash Flow		
Cash Flow from Operating Activities	\$1,415-\$1,515	\$1,665-\$1,765
Acquisition of Property & Equipment, Net	(625-675)	(625-675)
Dividends Received	(15)	(15)
Excess Tax Benefits from Stock-Based Compensation	<u>350-450</u>	<u>175-225</u>
Total	\$1,125-\$1,275	\$1,200-\$1,300

Note: Free Cash Flow (FCF) is a non-GAAP measure defined as cash flow from operating activities (adjusted to include excess tax benefits from stock-based compensation), less net capital expenditures and dividends received. The current outlook is as of October 16, 2007. Yahoo! does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.



Table 9 – GAAP Operating Income as a Percentage of Gross Profit by Segment

	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07
United States	20%	22%	20%	27%	13%	16%	9%
International	28%	32%	29%	34%	30%	26%	30%
Worldwide	22%	25%	23%	29%	18%	18%	15%

Note: Operating income includes stock-based compensation expense calculated under the fair value method in accordance with SFAS 123R.



Table 10 – Cash Flow from Operations as a Percentage of Operating Income and as a Percentage of Gross Profit

	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07
Cash Flow from Operations/Operating Income	221%	187%	193%	139%	245%	219%	304%
Cash Flow from Operations/Gross Profit	49%	46%	43%	40%	43%	40%	44%

Note: Operating income includes stock-based compensation expense calculated under the fair value method in accordance with SFAS 123R.

DO YOU
YAHOO!®?