Yahoo! Inc.

III) Condensed Consolidated Cash Flow Statement (GAAP)

Free Cash Flow (Non-GAAP) [6]

(unaudited, in thousands)

	Quarterly Data					Annual Data	
	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	FY'11	FY'12
GAAP Cash Flow Statement							
Cash flows from operating activities							
Net income	$ 287,478	$ 228,456	$ 3,161,016	$ 273,652	$ 390,894	$ 1,062,669	$ 3,950,602
Adjustments to reconcile net income to net cash provided by (used in) operating activities							
Depreciation	122,750	131,789	146,483	148,213	143,864	530,516	549,235
Amortization of intangible assets	31,345	28,864	23,878	21,279	18,410	117,723	105,366
Stock-based compensation expense, net	55,966	46,142	61,366	57,462	44,605	204,172	220,936
Non-cash restructuring charges	-	38,638	1,824	69,434	547	990	109,896
Accrued dividend income related to Alibaba Group Preference Shares	-	-	-	(20,000)	(20,251)	-	(20,000)
Tax benefits (detriments) from stock-based awards	1,014	(4,949)	(5,536)	(21,969)	9,537	33,497	(31,440)
Excess tax benefits from stock-based awards	(8,161)	(8,609)	(13,981)	(5,093)	(12,807)	(70,680)	(35,844)
Deferred income taxes	(4,399)	(14,075)	(872,814)	121,968	(20,158)	70,392	(769,320)
Earnings in equity interests	(172,243)	(179,991)	(175,265)	(148,939)	(217,588)	(476,920)	(676,438)
Dividends received from equity investees	-	83,648	-	-	12,000	75,391	83,648
Gain related to sale of Alibaba shares	-	-	(4,603,322)	-	-	-	(4,603,322)
(Gains) losses from sales of investments, assets, and other, net	(3,857)	(15,105)	654	6,468	11,905	4,405	(11,840)
Changes in assets and liabilities, net of effects of acquisitions:							
Accounts receivable, net	102,641	(112,549)	96,850	(52,190)	57,853	38,100	34,752
Prepaid expenses and other	(9,430)	20,448	30,041	37,470	19,707	97,849	78,529
Accounts payable	(42,442)	6,728	13,257	35,204	(71,135)	(316)	12,747
Accrued expenses and other liabilities	(43,988)	28,233	2,644,717	(2,373,163)	(123,472)	(290,070)	255,799
Deferred revenue	(19,221)	(3,108)	537,140	(49,671)	(25,229)	(73,912)	465,140
Net cash provided by (used in) operating activities [18]	297,453	274,560	1,046,308	(1,899,875)	218,682	1,323,806	(281,554)
Cash flows from investing activities							
Acquisition of property and equipment, net	(109,791)	(106,131)	(139,865)	(149,720)	(69,581)	(593,294)	(505,507)
Purchases of marketable debt securities	(176,220)	(469,046)	(1,193,594)	(1,681,467)	(1,481,293)	(1,708,530)	(3,520,327)
Proceeds from sales of marketable debt securities	133,961	414,478	136,540	56,968	424,347	1,508,948	741,947
Proceeds from maturities of marketable debt securities	77,700	120,798	52,155	130,750	183,100	1,316,197	381,403
Proceeds related to sale of Alibaba shares, net	-	-	6,247,728	-	-	-	6,247,728
Acquisitions, net of cash acquired	-	-	-	(5,716)	(10,147)	(323,830)	(5,716)
Purchases of intangible assets	(1,802)	(1,286)	-	(711)	(1,128)	(11,819)	(3,799)
Proceeds from the sale of investments	-	26,132	-	-	-	21,271	26,132
Other investing activities, net	(7,280)	(2,141)	-	9,604	3,822	(6,581)	183
Net cash (used in) provided by investing activities	(83,432)	(17,196)	5,102,964	(1,640,292)	(950,880)	202,362	3,362,044
Cash flows from financing activities							
Proceeds from issuance of common stock, net	11,623	66,248	38,549	101,951	61,108	156,226	218,371
Repurchases of common stock	(70,500)	(455,507)	(190,372)	(1,451,462)	(775,075)	(1,618,741)	(2,167,841)
Excess tax benefits from stock-based awards	8,161	8,609	13,981	5,093	12,807	70,680	35,844
Tax withholdings related to net share settlements of restricted stock awards and restricted stock units	(31,504)	(6,990)	(9,603)	(12,842)	(43,689)	(44,761)	(60,939)
Other financing activities, net	(1,013)	(1,209)	(1,297)	(1,373)	(1,405)	(19,362)	(4,892)
Net cash used in financing activities	(83,233)	(388,849)	(148,742)	(1,358,633)	(746,254)	(1,455,958)	(1,979,457)
Effect of exchange rate changes on cash and cash equivalents	26,790	(49,214)	20,601	6,178	(14,693)	(34,247)	4,355
Net change in cash and cash equivalents	157,578	(180,699)	6,021,131	(4,892,622)	(1,493,145)	35,963	1,105,388
Cash and cash equivalents, beginning of period	1,562,390	1,719,968	1,539,269	7,560,400	2,667,778	1,526,427	1,562,390
Cash and cash equivalents, end of period	$ 1,719,968	$ 1,539,269	$ 7,560,400	$ 2,667,778	$ 1,174,633	$ 1,562,390	$ 2,667,778
Free cash flow and Reconciliation to Net cash provided by operating activities:							
Net cash provided by (used in) operating activities	$ 297,453	$ 274,560	$ 1,046,308	$ (1,899,875)	$ 218,682	$ 1,323,806	$ (281,554)
Acquisition of property and equipment, net	(109,791)	(106,131)	(139,865)	(149,720)	(69,581)	(593,293)	(505,507)
Dividends received from equity investees	-	(83,648)	-	-	(12,000)	(75,391)	(83,648)
Excess tax benefits from stock-based awards	8,161	8,609	13,981	5,093	12,807	70,681	35,844
Free cash flow [18]	$ 195,823	$ 93,390	$ 920,424	$ (2,044,502)	$ 149,908	$ 725,803	$ (834,865)

[6] This presentation is not prepared under a comprehensive set of accounting rules or principles such as GAAP. See Notes to Condensed Consolidated Financial Information for further explanation of key non-GAAP financial measures.

[18] Q3'12 and FY'12 include a payment of $550 million from Alibaba in satisfaction of certain future royalty payments under the existing technology and intellectual property license agreement with Alibaba. Q4'12 and FY'12 include a $2.3 billion cash tax payment related to the sale of Alibaba shares.