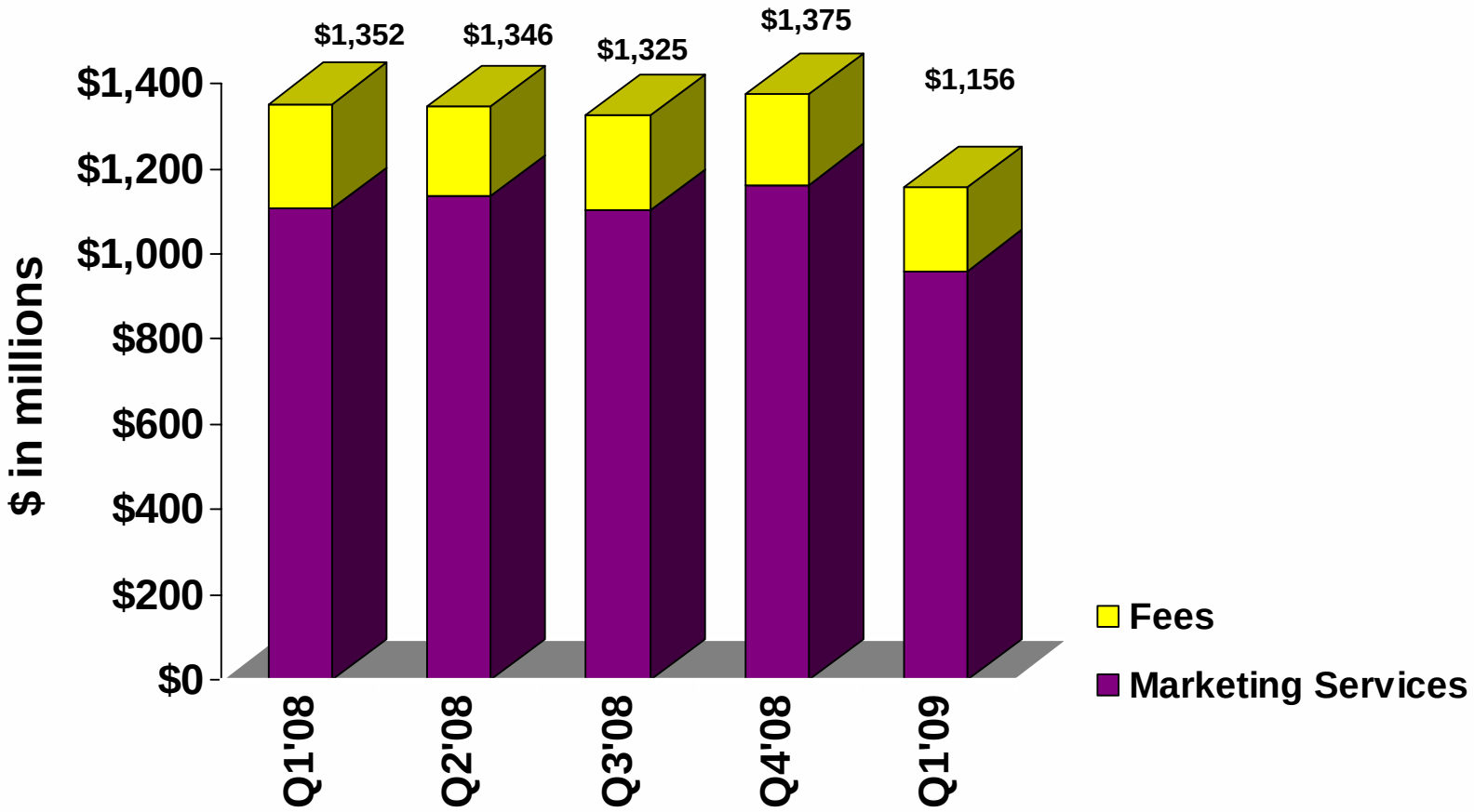
Q1’09 Financial Highlights

April 21, 2009

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 impact of management and organizational changes; the implementation and results of Yahoo!'s ongoing strategic and cost reduction initiatives; Yahoo!'s ability to compete with new or existing competitors; 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 Yahoo!'s international operations; failure to manage growth and diversification; adverse results in litigation, including intellectual property infringement claims; Yahoo!'s ability to protect its intellectual property and the value of its brands; dependence on key personnel; dependence on third parties for technology, services, content, and distribution; general economic conditions and changes in economic conditions; the possibility that third parties may in the future make proposals to acquire all or a part of Yahoo! or take other actions which may create uncertainty for our employees, publishers, advertisers, and other business partners; and the possibility of significant costs of defense, indemnification, and liability resulting from stockholder litigation. All information in this presentation is as of April 21, 2009. 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 under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Yahoo!'s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which is on file with the Securities and Exchange Commission ("SEC") and available on the SEC's web site at www.sec.gov. Additional information will also be set forth in those sections in Yahoo!'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, which will be filed with the SEC in the second quarter of 2009.

Quarterly Revenue ex-TAC Trends



Note: Revenue excluding traffic acquisition costs (Revenue ex-TAC) is a non-GAAP financial measure defined as GAAP revenue less TAC. Please refer to supporting Table 1 for Revenue ex-TAC Calculation by Segment.
Throughout this presentation, we have rounded numbers as appropriate.

Revenue and Revenue ex-TAC Comparisons

$ in millions	Q1'08	Q4'08	*Q1'09*	Q1'09	
				YOY	QOQ
Revenues for Groups of Similar Services					
Marketing Services:					
Owned and Operated sites[1]	$965.7	$1,062.6	***$871.8***	(10%)	(18%)
Affiliate sites[2]	606.8	531.5	***511.4***	(16%)	(4%)
Fees	245.2	212.3	***196.9***	(20%)	(7%)
Total Revenue	**$1,817.6**	**$1,806.4**	***$1,580.0***	**(13%)**	**(13%)**
Revenue ex-TAC					
United States	$1,027.9	$1,047.0	***$897.8***	(13%)	(14%)
International	324.1	328.2	***258.5***	(20%)	(21%)
Total	**$1,352.1**	**$1,375.2**	***$1,156.2***	**(14%)**	**(16%)**

Note: Revenue excluding traffic acquisition costs (Revenue ex-TAC) is a non-GAAP financial measure defined as GAAP Revenue less TAC. Please refer to supporting Table 1 for Revenue ex-TAC Calculation by Segment.
(1) Refers to Yahoo!'s owned and operated (O&O) online properties and services.
(2) Refers to Yahoo!'s distribution network of third-party entities who have integrated Yahoo!'s advertising offerings into their websites or their other offerings.

Adjusted GAAP Revenue Growth

Year/Year Growth	Q1'08	Q2'08	Q3'08	Q4'08	*Q1'09*
Reported GAAP Revenue Growth	9%	6%	1%	(1%)	***(13%)***
Impact of:					
Overture Japan Transaction(1)	7%	7%	5%	0%	***0%***
Currency(2)	(2%)	(1%)	0%	4%	***5%***
Acquisitions/Divestitures(3)	(2%)	(3%)	(1%)	0%	***5%***
Total Impact	3%	3%	4%	4%	***10%***
Adjusted Growth Rate	12%	9%	5%	3%	***(3%)***

(1) In August 2007, the Company sold its Overture Japan business to Yahoo! Japan, and the transaction reduced reported GAAP revenue growth in Q1-Q3'08 as shown above.

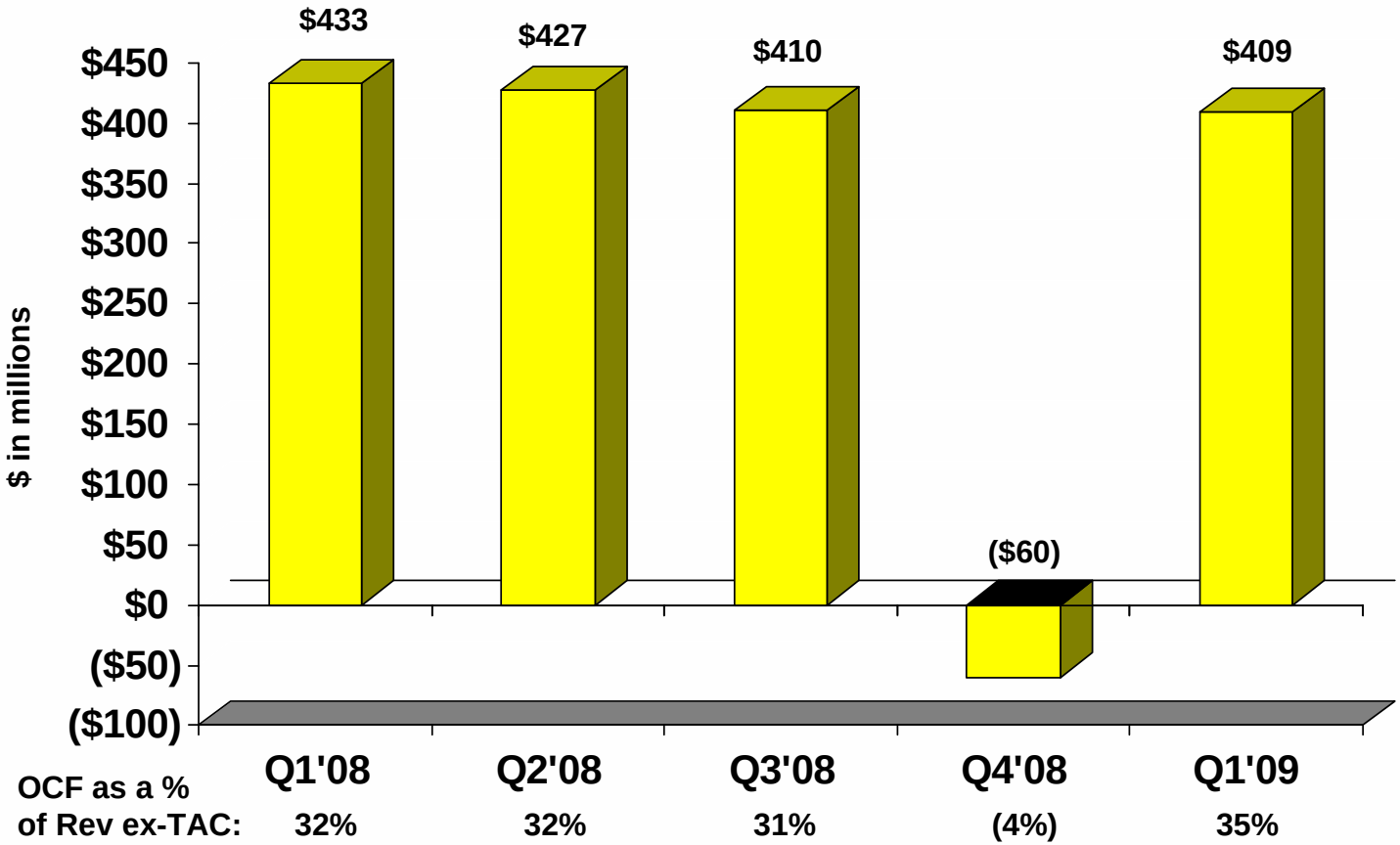
(2) The currency impact shown above reflects the impact on year-over-year reported GAAP revenue growth from changes in currency exchange rates.

(3) The acquisitions/divestitures impact shown above reflects the contribution to reported GAAP revenue growth from acquisitions made in the prior 12 months and the loss of revenue related to a business divested in Q4'08 as well as revenue declines associated with Music, VOIP, and broadband fees businesses.

GAAP Revenue Details

$ in millions	Q1'08	Q2'08	Q3'08	Q4'08	*Q1'09*
O&O Search	$410	$424	$438	$436	***$399***
Year/Year Growth	20%	18%	17%	11%	***(3%)***
O&O Display	$426	$457	$435	$506	***$371***
Year/Year Growth	16%	11%	3%	(2%)	***(13%)***
Affiliate	$607	$571	$561	$532	***$511***
Year/Year Growth	(7%)	(4%)	(10%)	(4%)	***(16%)***
Listings & Other Marketing Services	$130	$135	$130	$120	***$102***
Year/Year Growth	18%	13%	3%	(4%)	***(22%)***
Total Marketing Services	$1,572	$1,587	$1,563	$1,594	***$1,383***
Year/Year Growth	7%	7%	1%	0%	***(12%)***
Fees	$245	$211	$224	$212	***$197***
Year/Year Growth	21%	0%	0%	(12%)	***(20%)***
Total Revenues	$1,818	$1,798	$1,786	$1,806	***$1,580***
Year/Year Growth	9%	6%	1%	(1%)	***(13%)***

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. OCF is a non-GAAP financial measure defined as income from operations before depreciation, amortization of intangible assets, and stock-based compensation expense. Q1'08 OCF of $433 million includes a pre-tax cash charge of $29 million for severance pay expenses and related cash expenditures related to a strategic workforce realignment the Company implemented during the quarter, as well as incremental costs of $14 million incurred for outside advisors related to Microsoft's unsolicited proposal, other strategic alternatives, and related litigation defense costs. Q2'08 OCF of $427 million and Q3'08 OCF of $410 million include incremental costs of $22 million and $37 million, respectively, incurred for outside advisors related to Microsoft's proposals to acquire all or a part of the Company, other strategic alternatives, including the Google agreement, the proxy contest, and related litigation defense costs (the "strategic alternatives and related matters"). Q4'08 OCF of ($60) million includes the goodwill impairment charge of $488 million related to our international segment; restructuring charges of $108 million for severance, facilities, and other restructuring costs; and incremental costs for advisors of $7 million related to the strategic alternatives and related matters. Q1'09 OCF of $409 million includes restructuring charges of $5 million.
Please refer to supporting Table 2 for Operating Cash Flow Calculation by Segment and Table 7 for GAAP Operating Income as a Percentage of GAAP Revenue by Segment.

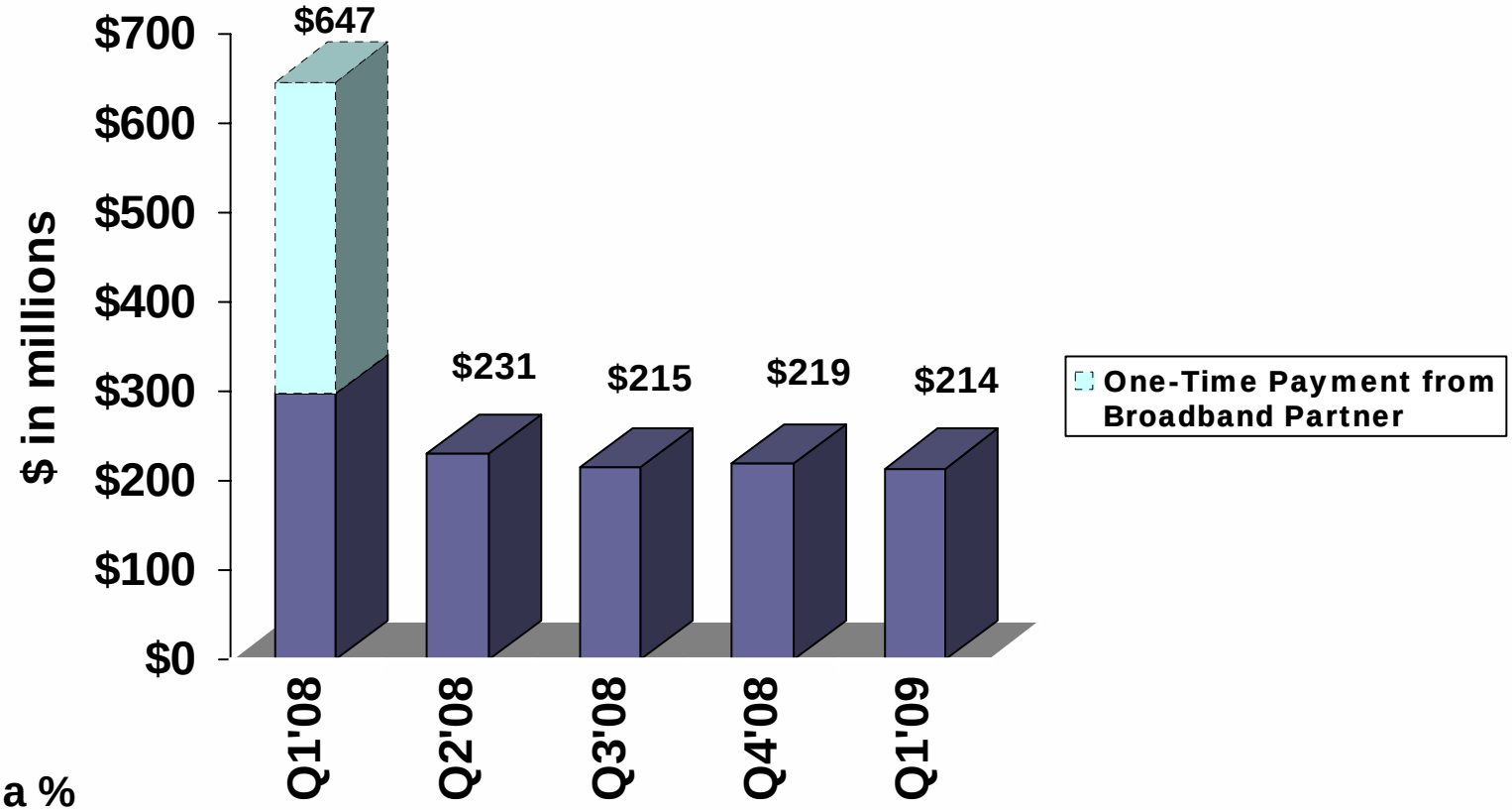
Operating Cash Flow Comparisons

$ in millions	Q1'08	Q4'08	*Q1'09*	Q1'09 YOY	Q1'09 QOQ
Operating Cash Flow					
United States	$313.1	$308.4	***$292.7***	(7%)	(5%)
International	120.0	(368.3)	***116.2***	(3%)	N/M
Total	**$433.1**	**($60.0)**	***$409.0***	**(4%)**	**N/M**
Operating Cash Flow as a Percent of Revenue ex-TAC					
United States	30%	29%	***33%***		
International	37%	N/M	***45%***		
Total	**32%**	(4%)	***35%***		

Note: Operating Cash Flow (OCF) is a non-GAAP financial measure defined as income from operations before depreciation, amortization of intangible assets, and stock-based compensation expense. Q1'08 OCF of $433 million includes a pre-tax cash charge of $29 million for severance pay expenses and related cash expenditures related to a strategic workforce realignment the Company implemented during the quarter, as well as incremental costs of $14 million incurred for outside advisors related to Microsoft's unsolicited proposal, other strategic alternatives, and related litigation defense costs. Q4'08 OCF of ($60) million includes the goodwill impairment charge of $488 million related to our international segment; restructuring charges of $108 million for severance, facilities and other restructuring costs; and incremental costs for advisors of $7 million related to the strategic alternatives and related matters. Q1'09 OCF of $409 million includes restructuring charges of $5 million.

Please refer to supporting Table 2 for Operating Cash Flow Calculation by Segment and Table 7 for GAAP Operating Income as a Percentage of GAAP Revenue by Segment.
N/M = Not Meaningful

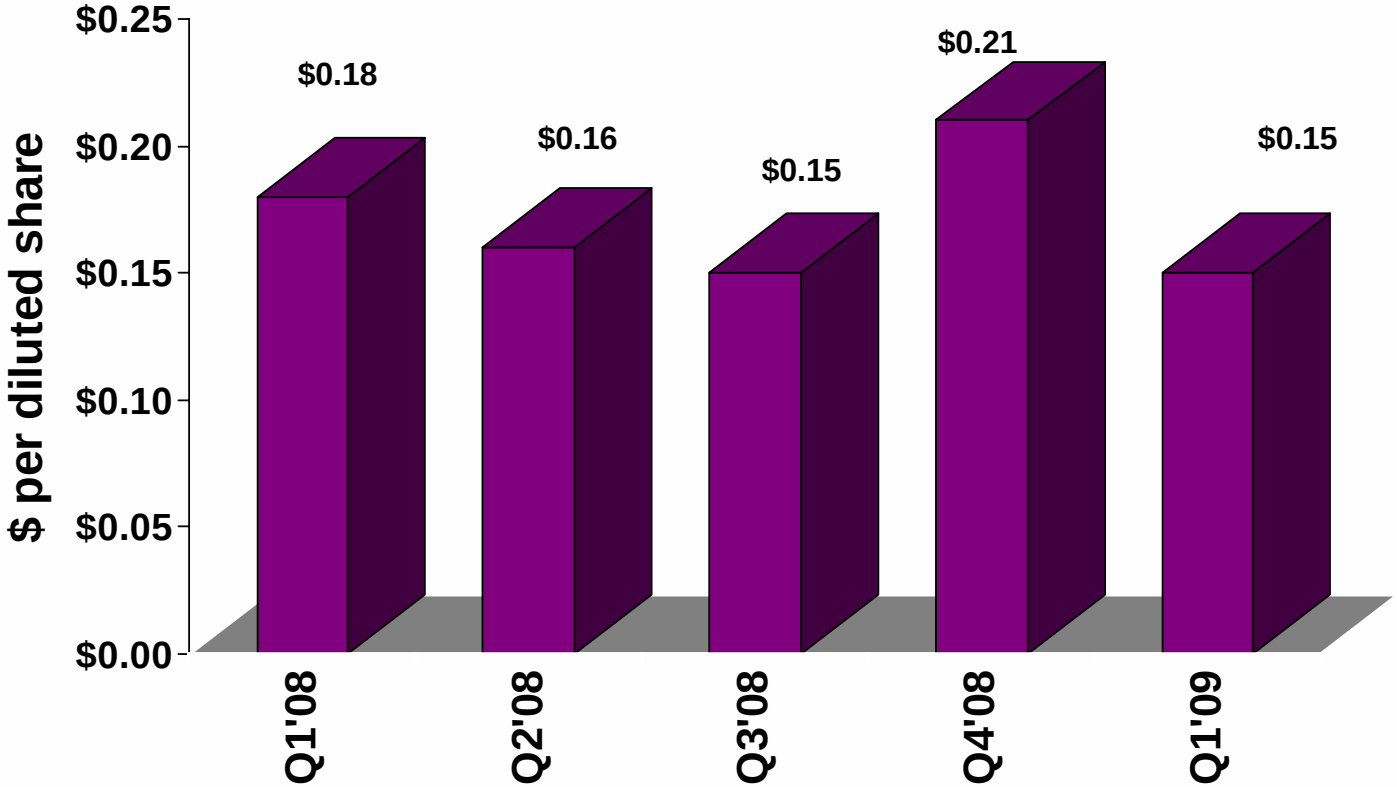
Free Cash Flow (FCF) Trends



FCF as a % of OCF:	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
	149%	54%	52%	N/M	52%

Note: Free Cash Flow (FCF) is a non-GAAP financial 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. Q1'08 free cash flow includes a $350 million one-time payment from AT&T Inc. Please refer to supporting Table 3 for Free Cash Flow Calculation and Table 8 for Cash Flow from Operations as a Percentage of Operating Income and as a Percentage of GAAP Revenue.

Non-GAAP Net Income Per Share Trends



Note: Non-GAAP Net Income is a non-GAAP financial measure defined as net income excluding certain gains, losses, expenses, and their related tax effects that we believe are not indicative of our ongoing operating results and further adjusted to exclude stock-based compensation expense. Prior-year amounts have been revised to conform to the current presentation. All per share amounts are based on fully diluted share counts. Q1'08 non-GAAP net income excludes stock-based compensation expense of $137 million, a net strategic workforce realignment charge of $17 million (comprised of $29 million in pre-tax cash charges in severance pay expenses and related cash expenditures, offset by $12 million in stock-based compensation expense reversals), as well as incremental costs of $14 million incurred for outside advisors related to Microsoft's unsolicited proposal, other strategic alternatives, and related litigation defense costs. Q2'08 non-GAAP net income excludes stock-based compensation expense of $123 million and incremental costs of $22 million for advisors related to the strategic alternatives and related matters. Q3'08 non-GAAP net income excludes stock-based compensation expense of $133 million and incremental costs for advisors of $37 million related to the strategic alternatives and related matters. Q4'08 non-GAAP net income excludes stock-based compensation expense of $45 million, the goodwill impairment charge of $488 million related to our international segment; restructuring charges, net, of $90 million (comprised of $108 million in severance, facilities and other restructuring costs, offset by $18 million in stock-based compensation expense reversals); and incremental costs for advisors of $7 million related to the strategic alternatives and related matters. Q4'08 non-GAAP net income also includes a reversal to stock-based compensation expense of $51 million pre-tax to reflect an increase in estimated forfeiture rates related to equity awards. Q1'09 non-GAAP net income excludes stock-based compensation expense of $127 million and restructuring charges of $5 million.
See Table 4 for Reconciliation of GAAP Net Income and GAAP Net Income per Share to Non-GAAP Net Income and Non-GAAP Net Income per Share and Table 5 for Reconciliation of GAAP Net Income to Non-GAAP Net Income, with Details on Adjustments.

Key Operational & Balance Sheet Metrics

$ in millions except where noted	Q1'08	Q2'08	Q3'08	Q4'08	*Q1'09*
Cash & Marketable Debt Securities	$2,848	$3,219	$3,299	$3,522	***$3,691***
Accounts Receivable, net	$1,040	$1,042	$993	$1,060	***$913***
DSO (in days)	52	53	51	54	***52***
Current Deferred Revenue	$496	$478	$447	$413	***$406***
Ending Employees (ones)	13,800	14,300	15,200	13,600	***13,500***
Year/Year Growth					
Page Views	20%	23%	17%	15%	***8%***

Note: In Q1'09, the cash and marketable debt securities balance was $3.7 billion, an increase of $169 million from Q4'08, due to $214 million of Free Cash Flow (see Table 3 for Free Cash Flow Calculation) and $4 million of cash generated from the issuance of common stock as a result of the exercise of employee stock options, offset by $5 million used to acquire intellectual property rights, and by $10 million used for tax withholdings related to the vesting of equity awards.

Business Outlook

$ in millions	*Q2'09 Current Outlook*
GAAP Revenue	***$1,425-$1,625***
Operating Cash Flow (OCF)	***$375-$425***

Note: The above business outlook is based on current information and expectations as of April 21, 2009. Yahoo! does not expect, and undertakes no obligation, to update this business outlook prior to the release of the Company's next quarterly earnings announcement, notwithstanding subsequent developments; however, Yahoo! may update this business outlook or any portion thereof at any time at its discretion. The outlook for the three months ending June 30, 2009 excludes any restructuring charges arising from our ongoing cost initiatives.

Please refer to supporting Table 6 for Operating Cash Flow Outlook.

Table 1 – Revenue ex-TAC Calculation by Segment

Reconciliation of GAAP Revenue to Revenue ex-TAC

$ in millions	Q1'08	Q2'08	Q3'08	Q4'08	*Q1'09*
United States					
GAAP Revenue	$1,305.3	$1,262.2	$1,276.8	$1,338.0	***$1,187.9***
TAC	(277.4)	(270.9)	(286.4)	(291.0)	***(290.1)***
US Revenue ex-TAC	**$1,027.9**	**$991.3**	**$990.4**	**$1,047.0**	***$897.8***
International					
GAAP Revenue	$512.3	$535.9	$509.7	$468.4	***$392.1***
TAC	(188.1)	(181.2)	(174.7)	(140.1)	***(133.7)***
Int'l Revenue ex-TAC	**$324.1**	**$354.7**	**$334.9**	**$328.2**	***$258.5***
Worldwide					
GAAP Revenue	$1,817.6	$1,798.1	$1,786.4	$1,806.4	***$1,580.0***
TAC	(465.5)	(452.1)	(461.1)	(431.1)	***(423.8)***
Revenue ex-TAC	**$1,352.1**	**$1,346.0**	**$1,325.3**	**$1,375.2**	***$1,156.2***

Note: Revenue ex-TAC is a non-GAAP financial measure defined as GAAP Revenue less TAC.

Table 2 – Operating Cash Flow Calculation by Segment

Reconciliation of Operating Income to Operating Cash Flow

$ in millions	Q1'08	Q2'08	Q3'08	Q4'08	*Q1'09*
United States					
Operating Income	$47.1	$21.7	$5.7	$115.0	***$20.8***
Depreciation & Amortization	153.2	168.5	171.4	164.4	***159.9***
Stock-Based Compensation Expense(1)	112.8	107.7	114.3	28.9	***112.1***
Operating Cash Flow	**$313.1**	**$297.9**	**$291.4**	**$308.4**	***$292.7***
International					
Operating Income	$73.5	$78.8	$64.5	($393.3)	***$79.9***
Depreciation & Amortization	34.3	34.9	36.2	27.1	***21.7***
Stock-Based Compensation Expense(1)	12.2	15.5	18.3	(2.1)	***14.7***
Operating Cash Flow	**$120.0**	**$129.2**	**$119.0**	**($368.3)**	***$116.2***
Worldwide					
Operating Income	$120.6	$100.5	$70.2	($278.3)	***$100.7***
Depreciation & Amortization	187.5	203.4	207.6	191.6	***181.6***
Stock-Based Compensation Expense(1)	125.0	123.2	132.6	26.8	***126.7***
Operating Cash Flow	**$433.1**	**$427.0**	**$410.4**	**($60.0)**	***$409.0***

Note: Operating Cash Flow (OCF) is a non-GAAP financial measure defined as income from operations before depreciation, amortization of intangible assets, and stock-based compensation expense. Q1'08 OCF includes a pre-tax cash charge of $29 million for severance pay expenses and related cash expenditures related to a strategic workforce realignment the Company implemented in the quarter, as well as incremental costs for advisors of $14 million related to Microsoft's unsolicited proposal, other strategic alternatives, and related litigation defense costs. Q2'08 OCF and Q3'08 OCF include incremental costs for advisors of $22 million and $37 million, respectively, related to the strategic alternatives and related matters. Q4'08 OCF of ($60) million includes the goodwill impairment charge of $488 million related to our international segment; restructuring charges of $108 million for severance, facilities and other restructuring costs; and incremental costs for advisors of $7 million related to the strategic alternatives and related matters. Q1'09 OCF of $409 million includes restructuring charges of $5 million.

(1) In Q4'08, the Company recorded a reversal to stock-based compensation expense of $51 million pre-tax to reflect an increase in estimated forfeiture rates related to equity awards.

Table 3 - Free Cash Flow Calculation

Reconciliation of Cash Flow from Operating Activities to FCF

$ in millions	Q1'08	Q2'08	Q3'08	Q4'08	*Q1'09*
Free Cash Flow					
Cash Flow from Operating Activities	$786.3	$425.8	$347.1	$321.0	***$262.3***
Excess Tax Benefits from Stock-Based Awards	-	-	35.5	89.6	***22.1***
Acquisition of Property & Equipment, Net	(139.8)	(175.9)	(167.2)	(191.9)	***(70.5)***
Dividends Received	-	(18.9)	-	-	-
Total	**$646.5**	**$231.0**	**$215.3**	**$218.7**	***$214.0***

Note: Free Cash Flow (FCF) is a non-GAAP financial 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 cash flows from 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/awards released in current and prior periods.

Table 4 – Non-GAAP Net Income Per Share Calculation

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

in millions except per share amounts	Q1'08	Q2'08	Q3'08	Q4'08	*Q1'09*
GAAP Net Income	$536.8	$131.2	$54.3	($303.4)[2]	***$117.6***
Adjustments	(290.7)	94.1	159.1	598.8	***88.7***
Non-GAAP Net Income	**$246.1**	**$225.3**	**$213.4**	**$295.4**	***$206.2***
GAAP Net Income Per Share	$0.37[1]	$0.09	$0.04	($0.22)	***$0.08***
Non-GAAP Net Income Per Share	**$0.18**	**$0.16**	**$0.15**	**$0.21**	***$0.15***
Diluted Shares Outstanding	1,395.3	1,400.7	1,399.7	1,398.1	***1,408.3***

Note: All per share amounts are based on fully diluted share counts. Please refer to supporting Table 5 for details on Adjustments.

(1) The impact of outstanding stock awards of entities in which the Company holds equity interests that are accounted for using the equity method reduced the Company's diluted earnings per share by $0.02 for the three months ended March 31, 2008.

(2) Both GAAP net income and non-GAAP net income for Q4'08 include a reversal to stock-based compensation expense of $51 million pre-tax to reflect an increase in estimated forfeiture rates related to equity awards.

Table 5 - Non-GAAP Net Income Calculation

Reconciliation of GAAP Net Income to Non-GAAP Net Income, with Details on Adjustments

$ thousands		Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
GAAP Net income/(loss) attributable to Yahoo! Inc.[9]		$ 536,840	$ 131,161	$ 54,348	$ (303,428)	$ 117,558
(a)	Stock-based compensation expense	137,289	123,168	132,599	44,787	126,720
(b)	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	-	-	-		-
(c)	Incremental costs for advisors related to strategic alternatives and related matters.	13,856	22,300	36,555	6,769	-
(d)	Restructuring charges, net. Q1 2008 charge included $29 million in pre-tax cash charges, offset by $12 million in related stock-based compensation expense reversals; Q4 2008 charge included $108 million in charges, offset by $18 million in related stock-based compensation expense reversals	16,885	-	-	89,969	4,801
(e)	Goodwill impairment charge	-	-	-	487,537	-
(f)	Yahoo!'s non-cash gain related to Alibaba Group's initial public offering of Alibaba.com, net of tax, which is included in earnings in equity interests	(401,090)	-	-	-	-
(g)	Yahoo!'s non-cash loss related to the impairment of our direct investment in Alibaba.com, net of tax, which is included in earnings in equity interests	-	-	30,188	-	-
(h)	To adjust the provision for income taxes to reflect the tax impact of items (a) - (d)	(45,036)	(38,385)	(46,122)	(49,073)	(33,337)
(i)	To adjust the provision for income taxes to reflect the applicable effective tax rates for the period	(12,678)	(12,989)	5,855	18,808	(9,518)
Non-GAAP Net income		$ 246,066	$ 225,255	$ 213,423	$ 295,369	$ 206,224

Note: During the three months ended December 31, 2008, the Company recorded a reversal to stock-based compensation expense of $51 million pre-tax to reflect an increase in estimated forfeiture rates related to equity awards. The impact of this reversal is included in both GAAP net income/(loss) and non-GAAP net income in the table above.

Table 6 – Operating Cash Flow Outlook Calculation

Reconciliation of Operating Income to OCF Outlook

$ in millions	*Q2'09 Current Outlook*
Operating Cash Flow Outlook	
Operating Income	***$80-$90***
Depreciation & Amortization	***185-205***
Stock-Based Compensation Expense	***110-130***
Total	***$375-$425***

Note: Operating Cash Flow (OCF) is a non-GAAP financial measure defined as income from operations before depreciation, amortization of intangible assets, and stock-based compensation expense. The current outlook is based on current information and expectations as of April 21, 2009. Yahoo! does not expect, and undertakes no obligation, to update this outlook prior to the release of the Company's next quarterly earnings announcement, notwithstanding subsequent developments; however, Yahoo! may update this business outlook or any portion thereof at any time at its discretion. The outlook for the three months ending June 30, 2009 excludes any restructuring charges arising from our ongoing cost reduction initiatives.

Table 7 – GAAP Operating Income as a Percentage of GAAP Revenue by Segment

Segment	Q1'08	Q2'08	Q3'08	Q4'08	*Q1'09*
United States	4%	2%	0%	9%	*2%*
International	14%	15%	13%	N/M	*20%*
Worldwide	7%	6%	4%	(15%)	*6%*

Note: Q1'08 GAAP operating income includes a net strategic workforce realignment charge of $17 million (comprised of $29 million in severance pay expenses and related cash expenditures, offset by $12 million in stock-based compensation expense reversals), as well as incremental costs for advisors of $14 million related to Microsoft's unsolicited proposal, other strategic alternatives, and related litigation defense costs. Q2'08 GAAP operating income and Q3'08 GAAP operating income include incremental costs for advisors of $22 million and $37 million, respectively, related to the strategic alternatives and related matters. Excluding these charges, US GAAP operating income as a percentage of GAAP revenue would have been 6% in Q1'08, 3% in Q2'08, and 3% in Q3'08, and Worldwide GAAP operating income as a percentage of GAAP revenue would have been 8% in Q1'08, 7% in Q2'08, and 6% in Q3'08. Q4'08 GAAP operating income includes the goodwill impairment charge of $488 million related to our international segment; restructuring charges of $108 million for severance, facilities and other restructuring costs; and incremental costs for advisors of $7 million related to the strategic alternatives and related matters. Excluding these charges, US, International, and Worldwide GAAP operating income as a percentage of GAAP revenue would have been 15%, 25%, and 18%, respectively, in Q4'08. Q1'09 GAAP operating income includes restructuring charges of $5 million. Excluding this charge, US, International, and Worldwide GAAP operating income as a percentage of GAAP revenue would have been 2%, 20%, and 7%, respectively, in Q1'09.

Table 8 – Cash Flow from Operations as a Percentage of Operating Income and as a Percentage of GAAP Revenue

	Q1'08	Q2'08	Q3'08	Q4'08	*Q1'09*
Cash Flow from Operations/Operating Income	652%	424%	495%	N/M	***261%***
Cash Flow from Operations/GAAP Revenue	43%	24%	19%	18%	***17%***

Note: Q1'08 Cash Flow from Operations includes a $350 million one-time payment from AT&T Inc. Q4'08 operating income includes the goodwill impairment charge of $488 million related to our international segment; restructuring charges of $108 million for severance, facilities and other restructuring costs; and incremental costs for advisors of $7 million related to the strategic alternatives and related matters. Excluding these costs, Cash Flow from Operations as a percentage of Operating Income would have been 99% in Q4'08.

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