



Q1'08 Financial Highlights

April 22, 2008

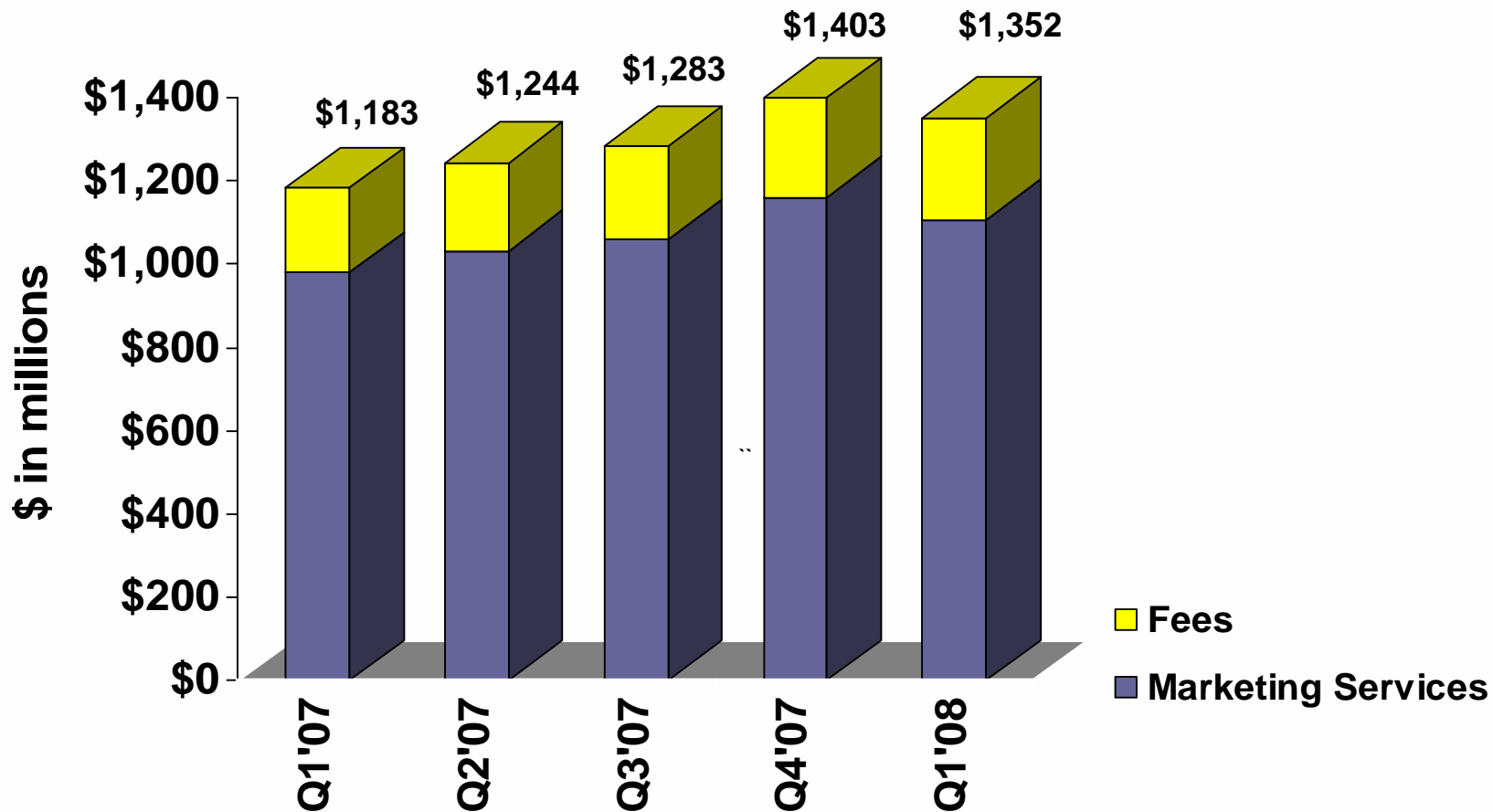


Note:

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; 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 key personnel; dependence on third parties for technology, services, content and distribution; general economic conditions and changes in economic conditions; and risks and uncertainties arising in connection with Microsoft's unsolicited proposal to acquire Yahoo!, including the loss of key employees who pursue other employment opportunities due to concerns as to their employment security, increased difficulty for the Company in executing its strategic plan and pursuing other strategic opportunities and the possibility of significant costs of defense, indemnification and liability resulting from stockholder litigation. All information in this presentation is as of April 22, 2008 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, 2007, which is 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 GAAP revenue less TAC. 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	Q1'07	Q4'07	Q1'08	Q1'08	
				YOY	QOQ
Revenues for Groups of Similar Services					
Marketing Services:					
Owned and Operated sites ⁽¹⁾	\$819.5	\$1,035.4	\$965.8	18%	(7%)
Affiliate sites ⁽²⁾	649.1	554.6	606.7	(7%)	9%
Fees	<u>203.2</u>	<u>242.0</u>	<u>245.1</u>	21%	1%
Total Revenue	\$1,671.9	\$1,832.0	\$1,817.6	9%	(1%)
Revenue ex-TAC					
United States	\$882.9	\$1,057.8	\$1,030.0	17%	(3%)
International	<u>300.1</u>	<u>345.3</u>	<u>322.1</u>	7%	(7%)
Total	\$1,183.1	\$1,403.1	\$1,352.1	14%	(4%)

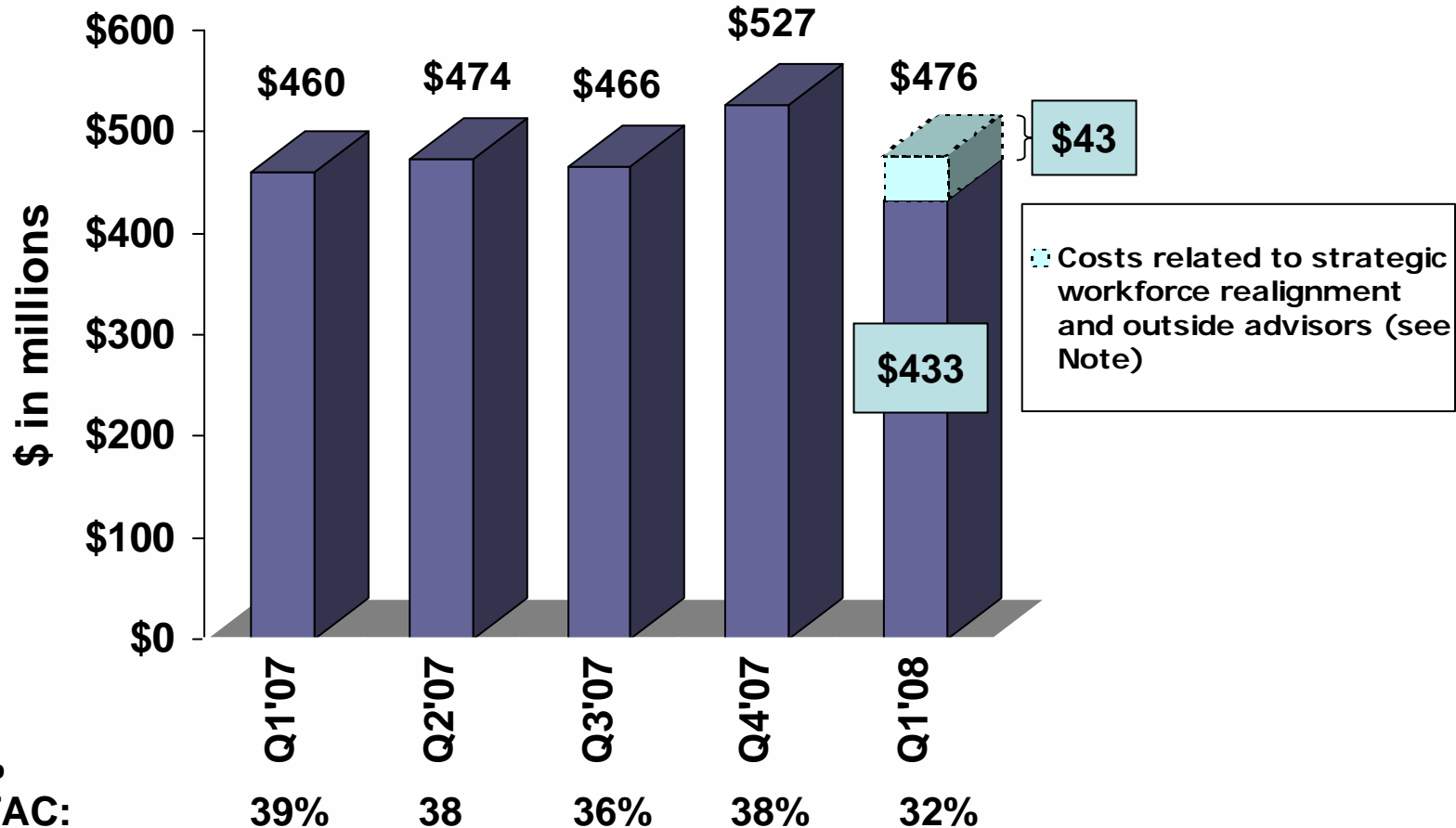
Note: Revenue excluding traffic acquisition costs (Revenue ex-TAC) is a non-GAAP measure defined as GAAP Revenue less TAC. Please refer to supporting Table 1 for Revenue ex-TAC reconciliation.

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

(2) Refers to Yahoo!'s distribution network of third-party entities who have integrated Yahoo!'s advertising offerings into their websites or their other offerings.



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). 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.

Please refer to supporting Table 2 for Operating Cash Flow reconciliation and Table 8 for GAAP Operating Income as a Percentage of GAAP Revenue by Segment.



Operating Cash Flow Comparisons

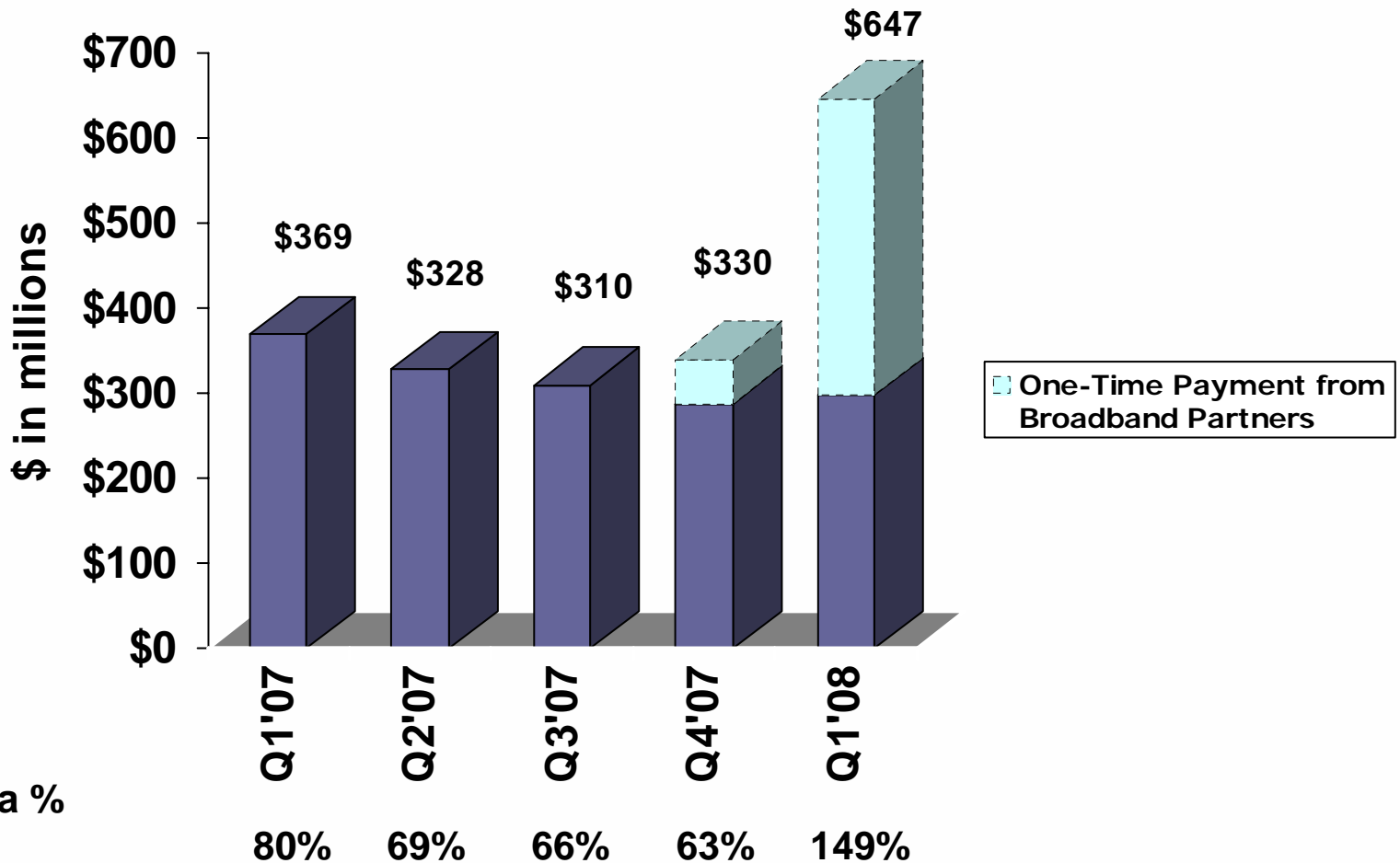
\$ in millions	Q1'07	Q4'07	Q1'08	Q1'08	
				YOY	QOQ
Operating Cash Flow					
United States	\$341.5	\$391.3	\$315.2	(8%)	(19%)
International	<u>118.5</u>	<u>135.7</u>	<u>118.0</u>	(0%)	(13%)
Total	\$460.0	\$527.1	\$433.1	(6%)	(18%)
Operating Cash Flow as a Percent of Revenue ex-TAC					
United States	39%	37%	31%		
International	39%	39%	37%		
Total	39%	38%	32%		

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). 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 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.

Please refer to supporting Table 2 for Operating Cash Flow reconciliation and Table 8 for GAAP Operating Income as a Percentage of GAAP Revenue by Segment.



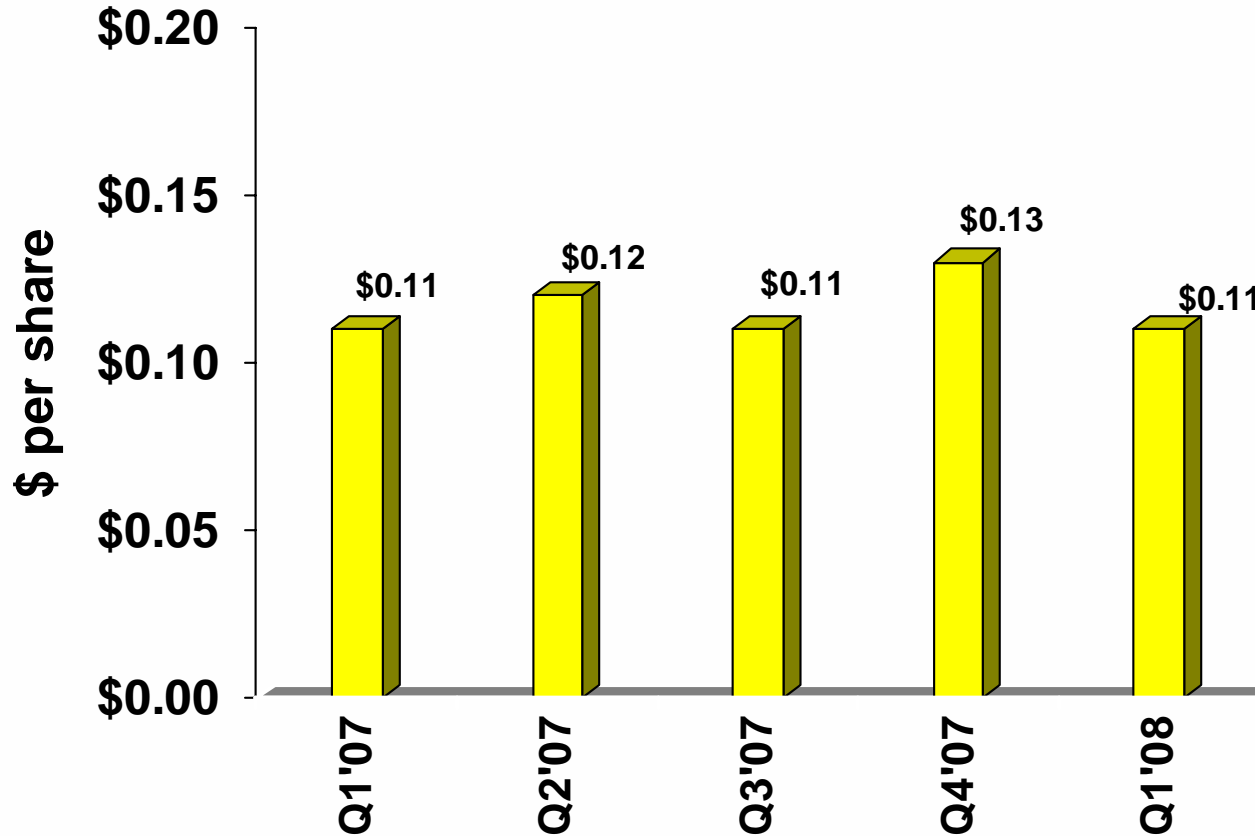
Free Cash Flow (FCF) Trends



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. Q1'08 free cash flow includes a \$350 million one-time payment from AT&T Inc. Q4'07 free cash flow includes a \$52 million one-time payment from Rogers Communications. Please refer to supporting Table 3 for FCF reconciliation and Table 9 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: All per share amounts are based on fully diluted share counts. Previously, in reporting results for 2007, for comparative purposes, we had presented a non-GAAP net income per share financial measure that excluded stock-based compensation expense calculated in accordance with Statement of Financial Accounting Standard No. 123 (revised 2004), "Share-based Payment," and its related tax effects. No such adjustment is made to non-GAAP net income numbers reported in this presentation since net income amounts reported in 2007 and 2008 in each case include stock-based compensation expense. Q1'08 net income includes a net strategic workforce realignment charge of \$17 million (comprised of \$29 million in pre-tax cash charges, net of \$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.

See Tables 4 and 5 for reconciliation of GAAP Net income and GAAP Net income per share to Non-GAAP Net income and Non-GAAP Net income per share.



Key Operational & Balance Sheet Metrics

<i>\$ in millions except where noted</i>	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08
Cash & Marketable Debt Securities	\$3,128	\$3,152	\$2,763	\$2,363	\$2,848
Accounts Receivable, net	\$893	\$892	\$950	\$1,056	\$1,040
<i>DSO (in days)</i>	48	48	49	53	52
Current Deferred Revenue	\$331	\$342	\$337	\$368	\$496
Ending Employees (ones)	11,700	12,400	13,600	14,300	13,800

Note: In Q1'08, the cash and marketable debt securities balance was \$2,848 million, an increase of \$485 million from Q4'07, due to \$647 million of Free Cash Flow (including a \$350 million one-time payment from AT&T Inc.; see supporting Table 3 for Free Cash Flow reconciliation) and \$127 million of cash generated from the issuance of common stock as a result of the exercise of employee stock options, offset by \$79 million used in direct stock repurchases, \$52 million used for tax withholdings related to net share settlements of restricted stock awards and restricted stock units, and \$166 million used for acquisitions.



Business Outlook

<i>\$ in millions</i>	<i>Previous Outlook</i>	<i>Current Outlook</i>	
	<i>FY'08</i>	<i>Q2'08</i>	<i>FY'08</i>
GAAP Revenue	\$7,200-\$8,000	\$1,730-\$1,930	\$7,200-\$8,000
Operating Cash Flow (OCF)	\$1,725-\$1,975	\$425-\$475	\$1,775-\$2,025
Free Cash Flow (FCF)	\$850-\$1,000	-	\$900-\$1,050
Capital Expenditures	\$675-\$775	-	\$675-\$775

Note: The current outlook is as of April 22, 2008. Yahoo! does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. The outlook for the three months ending June 30, 2008 (Q2'08) excludes any incremental costs incurred for outside advisors related to Microsoft's unsolicited proposal, other strategic alternatives, and related litigation defense costs. The outlook for the year ending December 31, 2008 (FY'08) excludes any impact of the Company's strategic workforce realignment and incremental costs incurred for outside advisors related to Microsoft's unsolicited proposal, other strategic alternatives, and related litigation defense costs. Free Cash Flow outlook does not include a \$350 million one-time payment from AT&T Inc.

Please refer to supporting Tables 6 and 7 for Operating Cash Flow and Free Cash Flow outlook reconciliations.





Table 1 – Revenue ex-TAC Calculation by Segment

Reconciliation of GAAP Revenue to Revenue ex-TAC

<i>\$ in million</i>	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08
United States					
GAAP Revenue	\$1,100.8	\$1,118.5	\$1,194.9	\$1,312.9	\$1,307.4
TAC	<u>(217.8)</u>	<u>(182.8)</u>	<u>(232.8)</u>	<u>(255.2)</u>	<u>(277.4)</u>
US Revenue ex-TAC	\$882.9	\$935.7	\$962.1	\$1,057.8	\$1,030.0
International					
GAAP Revenue	\$571.1	\$579.4	\$572.6	\$519.1	\$510.2
TAC	<u>(270.9)</u>	<u>(271.3)</u>	<u>(252.1)</u>	<u>(173.7)</u>	<u>(188.1)</u>
Int'l Revenue ex-TAC	\$300.1	\$308.1	\$320.5	\$345.3	\$322.1
Worldwide					
GAAP Revenue	\$1,671.9	\$1,697.9	\$1,767.5	\$1,832.0	\$1,817.6
TAC	<u>(488.8)</u>	<u>(454.2)</u>	<u>(484.9)</u>	<u>(428.9)</u>	<u>(465.5)</u>
Revenue ex-TAC	\$1,183.1	\$1,243.8	\$1,282.6	\$1,403.1	\$1,352.1

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



Table 2 – Operating Cash Flow Calculation by Segment

Reconciliation of Operating Income to Operating Cash Flow

<i>\$ in millions</i>	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08
United States					
Operating Income	\$92.8	\$116.9	\$68.6	\$102.4	\$49.2
Depreciation & Amortization	121.8	129.9	139.8	144.8	153.2
Stock-Based Compensation Expense	<u>126.9</u>	<u>115.6</u>	<u>130.0</u>	<u>144.1</u>	<u>112.8</u>
Operating Cash Flow	\$341.5	\$362.3	\$338.4	\$391.3	\$315.2
International					
Operating Income	\$76.2	\$68.1	\$81.6	\$88.8	\$71.5
Depreciation & Amortization	29.2	30.0	30.8	33.0	34.3
Stock-Based Compensation Expense	<u>13.1</u>	<u>13.2</u>	<u>15.5</u>	<u>14.0</u>	<u>12.2</u>
Operating Cash Flow	\$118.5	\$111.3	\$127.9	\$135.7	\$118.0
Worldwide					
Operating Income	\$169.0	\$185.0	\$150.2	\$191.2	\$120.6
Depreciation & Amortization	151.0	159.9	170.6	177.7	187.5
Stock-Based Compensation Expense	<u>140.0</u>	<u>128.8</u>	<u>145.5</u>	<u>158.1</u>	<u>125.0</u>
Operating Cash Flow	\$460.0	\$473.6	\$466.3	\$527.1	\$433.1

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). Q1'08 OCF of \$433.1 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.



Table 3 - Free Cash Flow Calculation

Reconciliation of Cash Flow from Operating Activities to FCF

<i>\$ in millions</i>	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08
Free Cash Flow					
Cash Flow from Operating Activities	\$441.2	\$405.6	\$456.7	\$657.3	\$786.3
Excess Tax Benefits from Stock-Based Comp	45.5	82.4	-	(134.5)	-
Acquisition of Property & Equipment, Net	(118.0)	(144.7)	(147.2)	(192.4)	(139.8)
Dividends Received	=	<u>(15.2)</u>	=	=	=
Total	\$368.8	\$328.2	\$309.6	\$330.4	\$646.5

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. Excluding a \$350 million one-time payment from AT&T Inc. in Q1'08 and a \$52 million one-time payment from Rogers Communications in Q4'07, adjusted free cash flow for Q1'08 and Q4'07 was \$296.5 million and \$278.4 million, respectively.



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

<i>\$ in millions except per share amounts</i>	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08
GAAP Net Income	\$142.4	\$160.6	\$151.3	\$205.7	\$542.2
Adjustments	<u>11.2</u>	<u>2.1</u>	<u>1.7</u>	<u>(19.0)</u>	<u>(392.2)</u>
Non-GAAP Net Income	\$153.6	\$162.7	\$152.9	\$186.7	\$150.0
GAAP Net Income Per Share	\$0.10	\$0.11	\$0.11	\$0.15	\$0.37 ^[1]
Non-GAAP Net Income/Share	\$0.11	\$0.12	\$0.11	\$0.13	\$0.11
Diluted Shares Outstanding	1,418.2	1,403.8	1,395.1	1,396.3	1,395.4

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.



Table 5 - Non-GAAP Net Income Calculation

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

in thousands	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08
GAAP Net income	<u>\$ 142,424</u>	<u>\$ 160,567</u>	<u>\$ 151,286</u>	<u>\$ 205,723</u>	<u>\$ 542,163</u>
(a) Non-cash gain arising from increased dilution of our ownership in Alibaba Group, resulting in the recognition of a further gain on the sale of Yahoo! China	-	-	-	(6,842)	-
(b) Incremental costs for outside advisors related to Microsoft's unsolicited proposal, other strategic alternatives, and related litigation defense costs	-	-	-	-	13,856
(c) Strategic workforce realignment costs, net (comprised of \$29 million in pre-tax cash charges, net of \$12 million in stock-based compensation expense reversals)	-	-	-	-	16,885
(d) Yahoo!'s net 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)
(e) To adjust the provision for income taxes to reflect the tax impact of items (a) - (c)	-	-	-	2,707	(10,566)
(f) To adjust the provision for income taxes to reflect the applicable effective tax rates for the period	11,180	2,102	1,659	(14,890)	(11,220)
Non-GAAP Net income	<u>\$ 153,604</u>	<u>\$ 162,669</u>	<u>\$ 152,945</u>	<u>\$ 186,698</u>	<u>\$ 150,028</u>



Table 6 – Operating Cash Flow Outlook Calculation

Reconciliation of Operating Income to OCF Outlook

<i>\$ in millions</i>	Previous FY'08	Current	
		Q2'08	FY'08
Operating Cash Flow			
Operating Income	\$545-\$655	\$135-\$155	\$595-\$705
Depreciation & Amortization	670-750	170-190	710-790
Stock-Based Compensation Expense	<u>510-570</u>	<u>120-130</u>	<u>470-530</u>
Total	\$1,775-\$1,975	\$425-\$475	\$1,775-\$2,025

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 April 22, 2008. Yahoo! does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. The outlook for the three months ending June 30, 2008 (Q2'08) excludes any incremental costs incurred for outside advisors related to Microsoft's unsolicited proposal, other strategic alternatives, and related litigation defense costs. The outlook for the year ending December 31, 2008 (FY'08) excludes any impact of the Company's strategic workforce realignment and incremental costs incurred for outside advisors related to Microsoft's unsolicited proposal, other strategic alternatives, and related litigation defense costs.



Table 7 - Free Cash Flow Outlook Calculation

Reconciliation of Cash Flow from Operating Activities Outlook to FCF Outlook

<i>\$ in millions</i>	<i>Previous FY'08</i>	<i>Current FY'08</i>
Free Cash Flow		
Cash Flow from Operating Activities	\$1,075-\$1,225	\$1,475-\$1,625
Excess Tax Benefits from Stock-Based Compensation	450-550	450-550
Acquisition of Property & Equipment, Net	(675-775)	(675-775)
One-Time Payment from AT&T Inc.	-	<u>(350)</u>
Dividends Received	=	=
Total	\$850-\$1,000	\$900-\$1,050

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 April 22, 2008. Yahoo! does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. Free Cash Flow outlook does not include a \$350 million one-time payment from AT&T Inc.



Table 8 – GAAP Operating Income as a Percentage of GAAP Revenue by Segment

	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08
United States	8%	10%	6%	8%	4%
International	13%	12%	14%	17%	14%
Worldwide	10%	11%	8%	10%	7%

Note: Q1'08 GAAP Operating Income includes a pre-tax charge of \$29 million for severance pay expenses and related cash expenditures related to a strategic workforce realignment the Company implemented during the quarter, offset by a \$12 million credit related to stock-based compensation expense reversals, resulting in a net total strategic workforce realignment charge of \$17 million, 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.



Table 9 – Cash Flow from Operations as a Percentage of Operating Income and as a Percentage of GAAP Revenue

	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08
Cash Flow from Operations/Operating Income	245%	219%	304%	344%	652%
Cash Flow from Operations/GAAP Revenue	26%	24%	26%	34%	43%

Note: Q1'08 Cash Flow from Operations includes a \$350 million one-time payment from AT&T Inc. and Q4'07 Cash Flow from Operations includes a \$52 million one-time payment from Rogers Communications.

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