



Yahoo! Inc.  
2008 Annual Meeting of Stockholders  
Reconciliation of Non-GAAP Financial Measures

August 1, 2008

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**Non-GAAP Financial Measures:** This presentation includes references to non-GAAP financial measures including operating cash flow (OCF) and OCF (as adjusted). These measures are defined as non-GAAP financial measures by the SEC and may be different from non-GAAP measures used by other companies. Our presentation of this information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Reconciliations of these non-GAAP financial measures to the most comparable measures prepared in accordance with GAAP are included in the Appendix to the presentation.



## Table 1: Non-GAAP Financial Measures Reconciliation

<i>\$ in millions</i>	2003	2004	2005	2006	2007	Q3 2008 Outlook	FY2008 Outlook
<b>Operating Cash Flow</b>							
Operating Income	\$295	\$689	\$1,108	\$941	\$695	\$65-\$85	\$525-\$595
Depreciation & Amortization	160	311	397	540	659	200-220	800-840
Stock-Based Compensation Expense	<u>22</u>	<u>32</u>	<u>52</u>	<u>425</u>	<u>573</u>	<u>140-160</u>	<u>500-540</u>
<b>Total</b>	<b>\$477</b>	<b>\$1,032</b>	<b>\$1,557</b>	<b>\$1,906</b>	<b>\$1,927</b>	<b>\$405-\$465</b>	<b>\$1,825-\$1,975</b>

<i>\$ in millions</i>	Q1 2008	Q2 2008
<b>OCF (as adjusted)</b>		
Operating Income	\$120	\$101
Depreciation & Amortization	188	203
Stock-Based Compensation Expense	125	123
Strategic Workforce Realignment	29	-
Microsoft and Related Costs	<u>14</u>	<u>22</u>
<b>Total</b>	<b>\$476</b>	<b>\$449</b>

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 outlook is based on information and expectations as of July 22, 2008. 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. OCF (as adjusted) is a non-GAAP financial measure that presents operating cash flow as adjusted to exclude any impact of the Company's strategic workforce realignment (including \$29 million of such costs in Q1'08) and incremental costs incurred for outside advisors related to Microsoft's proposals to acquire all or a part of the Company, other strategic alternatives, the proxy contest, and related litigation defense costs (including \$14 million of such incremental costs in Q1'08 and \$22 million of such incremental costs in Q2'08). The outlook for 2008 excludes any impact of the Company's strategic workforce realignment, including \$29 million of such costs incurred through June 30, 2008, and incremental costs incurred for outside advisors related to Microsoft's proposals to acquire all or a part of the Company, other strategic alternatives, the proxy contest, and related litigation defense costs, including \$36 million of such incremental costs incurred through June 30, 2008.

