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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 8-K

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Current Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

January 17, 2006
Date of Report (Date of Earliest Event Reported)

Yahoo! Inc.
(Exact name of Registrant as specified in its charter)

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Delaware (State or other Jurisdiction of Incorporation)	0-28018 (Commission File No.)	77-0398689 (IRS Employer Identification No.)
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701 First Ave.
Sunnyvale, California 94089
(Address of principal executive offices, including zip code)

(408) 349-3300
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02 Results of Operations and Financial Condition

The information in this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

On January 17, 2006, Yahoo! Inc., a Delaware corporation ("Yahoo!") announced its financial results for the fourth quarter and year ended December 31, 2005 and certain other information. A copy of Yahoo!'s press release announcing these financial results and certain other information is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits.

The following exhibit is furnished with this report on Form 8-K:

99.1 Yahoo! Inc. press release dated January 17, 2006.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

YAHOO! INC.

By:/s/ Susan Decker

Susan Decker
Executive Vice President, Finance and
Administration, and Chief Financial
Officer (Principal Financial Officer)

Date: January 17, 2006

YAHOO! INC.

INDEX TO EXHIBITS

Exhibit Number -----	Description -----
99.1	Press Release dated January 17, 2006

Yahoo! Reports Fourth Quarter and Full Year 2005 Financial Results; Full Year Revenues - \$5,258 Million, Operating Income - \$1,108 Million, Operating Income Before Depreciation and Amortization - \$1,557 Million

SUNNYVALE, Calif.--(BUSINESS WIRE)--Jan. 17, 2006--Yahoo! Inc. (Nasdaq:YHOO) today reported results for the fourth quarter and full year ended December 31, 2005.

"Yahoo! has a strong track record of focusing and delivering on some of the biggest opportunities on the Internet," said Terry Semel, chairman and chief executive officer, Yahoo!. "In 2005, Yahoo! continued to achieve significant results by providing some of the most innovative services to our hundreds of millions of consumers and deepening both our global reach and user engagement. As we look ahead, we will continue to focus on creating the best consumer experience, finding new ways to engage our audience and delivering the best value for our advertisers."

Fourth Quarter 2005 Financial Results

- Revenues were \$1,501 million for the fourth quarter of 2005, a 39 percent increase compared to \$1,078 million for the same period of 2004.
 - Marketing services revenue was \$1,315 million for the fourth quarter of 2005, a 39 percent increase compared to \$943 million for the same period of 2004.
 - Fees revenue was \$186 million for the fourth quarter of 2005, a 38 percent increase compared to \$135 million for the same period of 2004.
- Revenues excluding traffic acquisition costs ("TAC") were \$1,068 million for the fourth quarter of 2005, a 36 percent increase compared to \$785 million for the same period of 2004.
- Gross profit for the fourth quarter of 2005 was \$928 million, a 34 percent increase compared to \$691 million for the same period of 2004.
- Operating income for the fourth quarter of 2005 was \$329 million, a 40 percent increase compared to \$235 million for the same period of 2004.
- Operating income before depreciation and amortization for the fourth quarter of 2005 was \$459 million, a 40 percent increase compared to \$327 million for the same period of 2004.
- Cash flow from operating activities for the fourth quarter of 2005 was \$481 million, a 43 percent increase compared to \$337 million for the same period of 2004.
- Free cash flow for the fourth quarter of 2005 was \$330 million, a 31 percent increase compared to \$251 million for the same period of 2004.
- Net income for the fourth quarter of 2005 was \$683 million or \$0.46 per diluted share compared to \$373 million or \$0.25 per diluted share for the same period of 2004.
- Adjusted net income for the fourth quarter of 2005 was \$247 million or \$0.16 per diluted share compared to \$187 million or \$0.13 per diluted share for the same period of 2004.
- The provision for income taxes for the fourth quarter of 2005 was \$18 million and yielded an effective tax rate of 3 percent as a result of a tax benefit related to a subsidiary restructuring transaction completed in the quarter. The provision for income taxes for the fourth quarter of 2004 was \$234 million, and yielded an effective tax rate of 40 percent.
- Explanations of the Company's non-GAAP financial measures and the related reconciliations to the GAAP financial measures the Company considers most comparable are included in the accompanying "Note to Unaudited Condensed Consolidated Statements of Operations" and the "Reconciliations to Unaudited Condensed Consolidated Statements of Operations".

"We continued to execute on our plan during both the fourth quarter and the full year 2005 - delivering very strong revenue growth, profitability and returns on our significant free cash flow -- while also investing in our business to position the company for future growth," said Susan Decker, chief financial officer, Yahoo!. "In 2006, we will focus on continuing to enhance our advertising products, offering the most effective solutions to our advertisers

and publishers, while also seeking to generate maximum value for our network."

Full Year 2005 Financial Results

- Revenues for the year ended December 31, 2005 were \$5,258 million, a 47 percent increase compared to \$3,575 million for 2004.
 - Marketing services revenue was \$4,594 million for 2005, a 47 percent increase compared to \$3,127 million for 2004.
 - Fees revenue was \$664 million for 2005, a 48 percent increase compared to \$447 million for 2004.
- Revenues excluding TAC for 2005 were \$3,696 million, a 42 percent increase compared to \$2,600 million for 2004.
- Gross profit for 2005 was \$3,225 million, a 42 percent increase compared to \$2,276 million for 2004.
- Operating income for 2005 was \$1,108 million, a 61 percent increase compared to \$689 million for 2004.
- Operating income before depreciation and amortization for 2005 was \$1,557 million, a 51 percent increase compared to \$1,032 million for 2004.
- Cash flow from operating activities for 2005 was \$1,711 million, a 57 percent increase compared to \$1,090 million for 2004.
- Free cash flow for 2005 was \$1,292 million, a 53 percent increase compared to \$844 million for 2004.
- Net income for 2005 was \$1,896 million or \$1.28 per diluted share compared to \$840 million or \$0.58 per diluted share for 2004.
- Adjusted net income for 2005 was \$854 million or \$0.58 per diluted share compared to \$525 million or \$0.36 per diluted share for the same period of 2004.
- The provision for income taxes for 2005 was \$768 million and yielded an effective tax rate of 30 percent for 2005 as a result of a tax benefit related to a subsidiary restructuring transaction completed in the fourth quarter of 2005. The provision for income taxes for 2004 was \$438 million, and yielded an effective tax rate of 37 percent.

Segment Financial Results

- United States revenues for the fourth quarter of 2005 were \$1,056 million, a 36 percent increase compared to \$775 million for the same period of 2004.
- International revenues for the fourth quarter of 2005 were \$445 million, a 47 percent increase compared to \$303 million for the same period of 2004.
- United States segment operating income before depreciation and amortization for the fourth quarter of 2005 was \$352 million, a 26 percent increase compared to \$278 million for the same period of 2004.
- International segment operating income before depreciation and amortization for the fourth quarter of 2005 was \$107 million, a 118 percent increase compared to \$49 million for the same period of 2004.
- United States revenues for the year ended December 31, 2005 were \$3,668 million, a 38 percent increase compared to \$2,653 million for 2004.
- International revenues for the year ended December 31, 2005 were \$1,590 million, a 73 percent increase compared to \$921 million for 2004.
- United States segment operating income before depreciation and amortization for the year ended December 31, 2005 was \$1,220 million, a 37 percent increase compared to \$891 million for 2004.
- International segment operating income before depreciation and amortization for the year ended December 31, 2005 was \$338 million, a 140 percent increase compared to \$141 million for 2004.

Cash Flow Information

Free cash flow was \$330 million in the fourth quarter of 2005 compared to \$251 million for the same period of 2004. In addition to free cash flow, Yahoo! generated \$369 million from the issuance of common stock as a result of the exercise of employee stock options, and a net \$141 million from structured stock repurchase transactions. These increases were offset by \$1,571 million used for acquisitions and \$14 million used for direct stock repurchases. Cash, cash equivalents and investments in marketable debt securities were \$4,000 million at December 31, 2005 as compared to \$4,764 million at September 30, 2005, a reduction of \$764 million.

Free cash flow was \$1,292 million for the year ended December 31, 2005 compared to \$844 million for 2004. In addition to free cash flow, Yahoo! generated \$747 million from the issuance of common stock as a result of the exercise of employee stock options and \$1,006 million was received as proceeds from sales of marketable equity securities. These increases were offset by \$1,698 million used for acquisitions, \$388 million used for direct stock repurchases and a net \$611 million used in structured stock repurchase transactions. Cash, cash equivalents and investments in marketable debt securities were \$4,000 million at December 31, 2005 as compared to \$3,742 million at December 31, 2004, an increase of \$258 million.

Please refer to the "Note to Unaudited Condensed Consolidated Statements of Operations" for definitions of certain key financial measures used here and in the "Business Outlook" attached to this press release.

Quarterly Conference Call

Yahoo! will host a conference call to discuss fourth quarter results at 5:00 p.m. Eastern Time today. A live webcast of the conference call, together with supplemental financial information, can be accessed through the Company's Investor Relations website at <http://yhoo.client.shareholder.com/earnings.cfm>. In addition, an archive of the webcast can be accessed through the same link. An audio replay of the call will be available following the conference call by calling 877-213-9653 or 630-652-3041, reservation number: 13626682.

About Yahoo!

Yahoo! Inc. is a leading global internet brand and one of the most trafficked Internet destinations worldwide. Yahoo! seeks to provide online products and services essential to users' lives, and offers a full range of tools and marketing solutions for businesses to connect with Internet users around the world. Yahoo! is headquartered in Sunnyvale, California.

This press release includes the following financial measures defined as non-GAAP financial measures by the Securities and Exchange Commission: revenues excluding traffic acquisition costs, operating income before depreciation and amortization, free cash flow, and adjusted net income and adjusted net income per share. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles. See "Note to Unaudited Condensed Consolidated Statements of Operations" and "Reconciliations to Unaudited Condensed Consolidated Statements of Operations" included in this press release for further information regarding these non-GAAP financial measures.

This press release and its attachments contain forward-looking statements that involve risks and uncertainties concerning Yahoo!'s expected financial performance (as described without limitation in the Business Outlook section and quotations from management in this press release), 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 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 the integration of recent 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; and general economic conditions. All information set forth in this release and its attachments is as of January 17, 2006. 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 the Company'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 the Company's Annual Report on Form 10-K for the year ended December 31, 2004 and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 which are on file with the SEC and available at the SEC's website at www.sec.gov. Additional information will also be set forth in those sections in Yahoo!'s Annual Report on Form 10-K for the year ended December 31, 2005, which will be filed with the SEC in the first quarter of 2006.

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Yahoo! Inc.
Unaudited Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2004	2005	2004	2005
Revenues	\$1,077,717	\$1,501,000	\$3,574,517	\$5,257,668
Cost of revenues	387,138	572,886	1,298,559	2,032,319
Gross profit	690,579	928,114	2,275,958	3,225,349
Operating expenses:				
Sales and marketing	226,909	282,610	778,029	1,025,249
Product development	107,598	160,628	368,760	547,137
General and administrative	72,672	86,982	262,602	319,690
Stock compensation expense (1)	6,467	18,533	32,290	52,471
Amortization of intangibles	42,108	50,413	145,696	173,077
Total operating expenses	455,754	599,166	1,587,377	2,117,624
Income from operations	234,825	328,948	688,581	1,107,725
Other income, net	345,605	340,132	496,443	1,435,857
Income before income taxes, earnings in equity interests, minority interests	580,430	669,080	1,185,024	2,543,582
Provision for income taxes	(233,623)	(17,729)	(437,966)	(767,816)
Earnings in equity interests	25,319	33,597	94,991	128,244
Minority interests in operations of consolidated subsidiaries	398	(1,740)	(2,496)	(7,780)
Net income	\$ 372,524	\$ 683,208	\$ 839,553	\$1,896,230
Net income per share - diluted	\$ 0.25	\$ 0.46	\$ 0.58	\$ 1.28
Shares used in per share calculation - diluted	1,475,131	1,496,942	1,452,499	1,485,591

(1) Stock compensation expense is allocated as follows:

Sales and marketing	\$ 1,908	\$ 3,421	\$ 9,620	\$ 8,698
Product development	2,368	8,570	12,010	22,390
General and administrative	2,191	6,542	10,660	21,383

Total stock compensation

expense	\$	6,467	\$	18,533	\$	32,290	\$	52,471
		=====		=====		=====		=====

Supplemental Financial Data (See Note)

Revenues excluding traffic acquisition costs ("TAC")	\$	785,011	\$1,067,949	\$2,599,703	\$3,695,931
Operating income before depreciation and amortization	\$	327,225	\$ 458,714	\$1,031,912	\$1,557,338
Free cash flow	\$	251,351	\$ 329,702	\$ 844,320	\$1,291,779

Yahoo! Inc.

Note to Unaudited Condensed Consolidated Statements of Operations

This press release includes the non-GAAP financial measures of revenues excluding traffic acquisition costs, operating income before depreciation and amortization, free cash flow and adjusted net income and adjusted net income per share, which are reconciled to gross profit, income from operations, cash flow from operating activities, and net income and net income per share, respectively, which we believe are the most comparable GAAP measures. We use these non-GAAP financial measures for internal managerial purposes, when publicly providing our business outlook, and as a means to evaluate period-to-period comparisons. These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP. These non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the accompanying reconciliations to corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business. These non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, gross profit, income from operations, cash flow from operating activities and net income and net income per share calculated in accordance with generally accepted accounting principles.

Revenues excluding traffic acquisition costs or TAC is defined as gross profit plus other cost of revenues. Under GAAP, both our revenues and cost of revenues include TAC. In defining revenues excluding TAC as our non-GAAP gross profit measure, we have removed TAC from both revenues and cost of revenues. TAC consists of payments made to affiliates that have integrated our sponsored search offerings into their websites and payments made to companies that direct consumer and business traffic to the Yahoo! website. We present revenues excluding TAC: (1) to provide a metric for our investors to analyze and value our Company and (2) to provide investors one of the primary metrics used by the Company for evaluation and decision-making purposes. We provide revenues excluding TAC because we believe it is useful to investors in valuing our Company. One of the ways investors value companies is to apply a multiple to revenues. Since a significant portion of the GAAP revenues associated with our sponsored search offerings is paid to our third party affiliates, we believe investors find it more meaningful to apply multiples to revenues excluding TAC to assess our value as this avoids "double counting" revenues that are paid to, and being reported by, our third party affiliates. Further, management uses revenues excluding TAC for evaluating the performance of our business, making operating decisions, for budgeting purposes, and as a factor in determining management compensation. A limitation of revenues excluding TAC is that it is a measure which we have defined for internal and investor purposes that may be unique to the Company and therefore it may not enhance the comparability of our results to other companies in our industry who have similar business arrangements but address the impact of TAC differently.

Operating income before depreciation and amortization is defined as income from operations before depreciation, amortization of intangible assets and amortization of stock compensation expense. We consider operating income before depreciation and amortization to be an important indicator of the operational strength of the Company. This measure eliminates the effects of depreciation, amortization of intangible assets and amortization of stock compensation expense from period to period, which we believe is useful to management and

investors in evaluating the operating performance of the Company, as depreciation and amortization costs are not directly attributable to the underlying performance of the Company's business operations. A limitation associated with this measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company's businesses. Management evaluates the costs of such tangible and intangible assets through other financial measures such as capital expenditures. A further limitation associated with this measure is that it does not include stock compensation expenses related to our workforce. Management compensates for this limitation by providing supplemental information about stock compensation expense on the face of the consolidated statements of operations.

Free cash flow is defined as cash flow from operating activities including the tax benefit from stock options, less net capital expenditures and dividends received. We consider free cash flow to be a liquidity measure which provides useful information to management and investors about the amount of cash generated by the business after the acquisition of property and equipment, which can then be used for strategic opportunities including, among others, investing in the Company's business, making strategic acquisitions, strengthening the balance sheet and repurchasing stock. A limitation of free cash flow is that it does not represent the total increase or decrease in the cash balance for the period.

Adjusted net income is defined as net income excluding certain gains, losses and expenses and their related tax effects that we do not believe are indicative of our ongoing operating results. We consider adjusted net income to be a profitability measure which facilitates the forecasting of our operating results for future periods and allows for the comparison of our results to historical periods and to other companies in our industry. A limitation of adjusted net income is that it does not include all items that impact our net income and net income per share for the period.

Yahoo! Inc.

Reconciliations to Unaudited Condensed Consolidated Statements of Operations
(in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2004	2005	2004	2005
Revenues for groups of similar services (2):				
Marketing services Fees	\$ 942,910	\$1,315,303	\$3,127,229	\$4,593,972
	134,807	185,697	447,288	663,696
Total revenues	\$1,077,717	\$1,501,000	\$3,574,517	\$5,257,668
Revenues by segment:				
United States	\$ 775,020	\$1,056,406	\$2,653,437	\$3,667,509
International	302,697	444,594	921,080	1,590,159
Total revenues	\$1,077,717	\$1,501,000	\$3,574,517	\$5,257,668
Cost of revenues:				
Traffic acquisition costs ("TAC")	\$ 292,706	\$ 433,051	\$ 974,814	\$1,561,737
Other cost of revenues	94,432	139,835	323,745	470,582
Total cost of revenues	\$ 387,138	\$ 572,886	\$1,298,559	\$2,032,319
Revenues excluding TAC:				
Gross profit	\$ 690,579	\$ 928,114	\$2,275,958	\$3,225,349
Other cost of revenues	94,432	139,835	323,745	470,582
Revenues excluding TAC	\$ 785,011	\$1,067,949	\$2,599,703	\$3,695,931

Revenues excluding TAC by segment:

United States:				
Gross profit	\$ 526,826	\$ 696,019	\$1,768,459	\$2,421,034
Other cost of revenues	74,269	112,518	261,530	370,057
	-----	-----	-----	-----
Revenues excluding TAC	\$ 601,095	\$ 808,537	\$2,029,989	\$2,791,091
	=====	=====	=====	=====
International:				
Gross profit	\$ 163,753	\$ 232,095	\$ 507,499	\$ 804,315
Other cost of revenues	20,163	27,317	62,215	100,525
	-----	-----	-----	-----
Revenues excluding TAC	\$ 183,916	\$ 259,412	\$ 569,714	\$ 904,840
	=====	=====	=====	=====

Operating income before depreciation and amortization:

Income from operations	\$ 234,825	\$ 328,948	\$ 688,581	\$1,107,725
Depreciation and amortization	85,933	111,233	311,041	397,142
Stock compensation expense	6,467	18,533	32,290	52,471
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Operating income before depreciation and amortization	\$ 327,225	\$ 458,714	\$1,031,912	\$1,557,338
	=====	=====	=====	=====

Operating income before depreciation and amortization by segment:

Operating income before depreciation and amortization - United States	\$ 278,224	\$ 351,849	\$ 891,103	\$1,219,539
Operating income before depreciation and amortization - International	49,001	106,865	140,809	337,799
	-----	-----	-----	-----
Operating income before depreciation and amortization	\$ 327,225	\$ 458,714	\$1,031,912	\$1,557,338
	=====	=====	=====	=====
United States:				
Income from operations	\$ 203,808	\$ 242,594	\$ 605,055	\$ 844,622
Depreciation and amortization	68,596	91,552	258,275	325,159
Stock compensation expense	5,820	17,703	27,773	49,758
	-----	-----	-----	-----
Operating income before depreciation and amortization - United States	\$ 278,224	\$ 351,849	\$ 891,103	\$1,219,539
	=====	=====	=====	=====
International:				
Income from operations	\$ 31,017	\$ 86,354	\$ 83,526	\$ 263,103
Depreciation and amortization	17,337	19,681	52,766	71,983
Stock compensation expense	647	830	4,517	2,713
	-----	-----	-----	-----
Operating income before depreciation and amortization - International	\$ 49,001	\$ 106,865	\$ 140,809	\$ 337,799
	=====	=====	=====	=====

Free cash flow:

Cash flow from operating activities	\$ 336,720	\$ 481,342	\$1,089,821	\$1,711,383
Acquisition of property and				

equipment, net	(85,369)	(151,640)	(245,501)	(408,934)
Dividends received	-	-	-	(10,670)

Free cash flow	\$ 251,351	\$ 329,702	\$ 844,320	\$1,291,779
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(2) Yahoo! currently classifies its revenues as either Marketing Services or Fees. For the three months and year ended December 31, 2004, Yahoo! reclassified previously reported Marketing Services revenues of \$6 million and \$22 million, respectively, as Fees in order to refine its alignment of revenue sources with these classifications.

Yahoo! Inc.
Reconciliations to Unaudited Condensed Consolidated Statements of
Operations
(in thousands, except per share amounts)

Three Months Ended
December 31, 2004

	Reported	Adjustments	Adjusted
Adjusted net income and adjusted net income per share:			
Income from operations	\$ 234,825	\$ -	\$ 234,825
Other income, net	345,605	(307,482)(a)	38,123
Income before income taxes, earnings in equity interests, minority interests	580,430	(307,482)	272,948
Provision for income taxes	(233,623)	122,055 (b)	(111,568)
Earnings in equity interests	25,319	-	25,319
Minority interests in operations of consolidated subsidiaries	398	-	398
Net income	\$ 372,524	\$ (185,427)	\$ 187,097
Net income per share - diluted	\$ 0.25		\$ 0.13
Shares used in per share calculation - diluted	1,475,131		1,475,131

Year Ended
December 31, 2004

	Reported	Adjustments	Adjusted
Income from operations	\$ 688,581	\$ -	\$ 688,581
Other income, net	496,443	(412,890)(a)	83,553
Income before income taxes, earnings in equity interests, minority interests	1,185,024	(412,890)	772,134
Provision for income taxes	(437,966)	98,563 (b)	(339,403)
Earnings in equity interests	94,991	-	94,991
Minority interests in			

operations of consolidated subsidiaries	(2,496)	-	(2,496)
Net income	\$ 839,553	\$ (314,327)	\$ 525,226
Net income per share - diluted	\$ 0.58		\$ 0.36
Shares used in per share calculation - diluted	1,452,499		1,452,499

Three Months Ended
December 31, 2005

	Reported	Adjustments	Adjusted
Adjusted net income and adjusted net income per share:			
Income from operations	\$ 328,948	\$ -	\$ 328,948
Other income, net	340,132	(309,788)(c)	30,344
Income before income taxes, earnings in equity interests, minority interests	669,080	(309,788)	359,292
Provision for income taxes	(17,729)	(126,822)(b, d)	(144,551)
Earnings in equity interests	33,597	-	33,597
Minority interests in operations of consolidated subsidiaries	(1,740)	-	(1,740)
Net income	\$ 683,208	\$ (436,610)	\$ 246,598
Net income per share - diluted	\$ 0.46		\$ 0.16
Shares used in per share calculation - diluted	1,496,942		1,496,942

Year Ended
December 31, 2005

	Reported	Adjustments	Adjusted
Income from operations	\$ 1,107,725	\$ -	\$ 1,107,725
Other income, net	1,435,857	(1,311,578)(e)	124,279
Income before income taxes, earnings in equity interests, minority interests	2,543,582	(1,311,578)	1,232,004
Provision for income taxes	(767,816)	269,701 (b, d)	(498,115)
Earnings in equity interests	128,244	-	128,244
Minority interests in operations of consolidated subsidiaries	(7,780)	-	(7,780)

Net income	\$ 1,896,230	\$(1,041,877)	\$ 854,353
	=====	=====	=====
Net income per share - diluted	\$ 1.28		\$ 0.58
	=====		=====
Shares used in per share calculation - diluted	1,485,591		1,485,591
	=====		=====

Notes:

- (a) To eliminate gains on the sale of an investment.
- (b) To eliminate income tax effects associated with adjustments referenced in (a), (c), and (e).
- (c) To eliminate a gain on the divestiture of Yahoo! China in connection with the Alibaba.com transaction and the impairment of an investment.
- (d) To eliminate the tax benefit related to a subsidiary restructuring transaction.
- (e) To eliminate a gain on the divestiture of Yahoo! China in connection with the Alibaba.com transaction, the impairment of an investment, gains on the sale of certain investments and proceeds from settlements.

Yahoo! Inc.
Business Outlook

Business Outlook

The following business outlook is based on current information and expectations as of January 17, 2006. Yahoo!'s business outlook as of today is expected to be available on the Company's Investor Relations website throughout the current quarter. Yahoo! does not expect, and undertakes no obligation, to update the outlook prior to the release of the Company's next quarterly earnings announcement, notwithstanding subsequent developments; however, Yahoo! may update the outlook or any portion thereof at any time at its discretion.

	Three months ending March 31, 2006	Year ending December 31, 2006
	-----	-----
Revenues excluding traffic acquisition costs ("TAC") (3) outlook (in millions):		
Gross profit	\$893-\$943	\$3,915-\$4,115
Other cost of revenues	147-157	685-735
	-----	-----
Revenues excluding TAC	\$1,040-\$1,100	\$4,600-\$4,850
	=====	=====
Operating income before depreciation and amortization (3) outlook (in millions):		
Income from operations (4)	\$180-\$195	\$965-\$1,035
Depreciation and amortization	120-130	530-570
Stock compensation expense (4)	110-115	420-450
	-----	-----
Operating income before depreciation and amortization	\$410-\$440	\$1,915-\$2,055
	=====	=====

(3) Refer to Note to Unaudited Condensed Consolidated Statements of Operations.

(4) Includes impact of adoption of Financial Accounting Standards Board Statement No. 123 R ("FAS 123R"), "Share Based Payments", which the Company adopted on January 1, 2006.

Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2004	2005	2004	2005
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 372,524	\$ 683,208	\$ 839,553	\$ 1,896,230
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	85,933	111,233	311,041	397,142
Tax benefits from stock options	231,710	35,782	408,976	759,530
Earnings in equity interests	(25,319)	(33,597)	(94,991)	(128,244)
Dividends received	-	-	-	10,670
Minority interests in operations of consolidated subsidiaries	(398)	1,740	2,496	7,780
Stock compensation expense	6,467	18,533	32,290	52,471
(Gain)/loss from sale of investments, assets and other, net	(302,961)	(301,573)	(394,028)	(1,278,311)
Changes in assets and liabilities, net of effects of acquisitions:				
Accounts receivable, net	(79,402)	(143,466)	(162,690)	(272,387)
Prepaid expenses and other	(5,783)	(43,080)	(12,217)	(35,344)
Accounts payable	(2,671)	36,928	(3,570)	31,574
Accrued expenses and other liabilities	30,392	100,716	113,953	212,112
Deferred revenue	26,228	14,918	49,008	58,160
Net cash provided by operating activities	336,720	481,342	1,089,821	1,711,383
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of property and equipment, net	(85,369)	(151,640)	(245,501)	(408,934)
Purchases of marketable debt securities	(1,291,267)	(391,383)	(3,449,155)	(7,023,802)
Proceeds from sales and maturities of marketable debt securities	777,345	552,453	2,642,621	7,341,974
Acquisitions, net of cash acquired	(153,080)	(1,570,701)	(761,605)	(1,698,164)
Proceeds from sales of marketable equity securities	310,026	-	502,806	1,006,142
Other investing activities, net	2,999	(116)	17,985	(39,146)
Net cash provided by (used in) investing activities	(439,346)	(1,561,387)	(1,292,849)	(821,930)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of common stock, net	226,934	369,056	650,525	746,807

Repurchases of common stock	-	(14,383)	-	(387,735)
Structured stock repurchases, net	26,349	141,296	(69,558)	(611,421)
Other financing activities, net	-	-	-	1,749

Net cash provided by (used in) financing activities	253,283	495,969	580,967	(250,600)

Effect of exchange rate changes on cash and cash equivalents	23,128	(13,234)	29,892	(32,883)
Net change in cash and cash equivalents	173,785	(597,310)	407,831	605,970
Cash and cash equivalents, beginning of period	649,938	2,027,003	415,892	823,723

Cash and cash equivalents, end of period	\$ 823,723	\$ 1,429,693	\$ 823,723	\$ 1,429,693
=====				

Supplemental schedule of acquisition-related activities:

Cash paid for acquisitions	\$ 165,020	\$ 1,572,306	821,034	\$ 1,700,898
Cash acquired in acquisitions	(11,940)	(1,605)	(59,429)	(2,734)

	\$ 153,080	\$ 1,570,701	\$ 761,605	\$ 1,698,164
=====				

Common stock, restricted stock and stock options issued in connection with acquisitions	\$ 929	\$ 392	\$ 4,313	\$ 44,773
=====				

Yahoo! Inc.
Unaudited Condensed Consolidated Balance Sheets
(in thousands)

	December 31, 2004	December 31, 2005
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 823,723	\$ 1,429,693
Marketable debt securities	1,875,964	1,131,141
Marketable equity securities	812,288	-
Accounts receivable, net	479,993	721,723
Prepaid expenses and other current assets	98,507	205,615

Total current assets	4,090,475	3,488,172
Long-term marketable debt securities	1,042,575	1,439,014
Property and equipment, net	531,696	697,522
Goodwill	2,550,957	2,895,557
Intangible assets, net	480,666	534,615
Other assets	242,029	57,192
Investments in equity interests	239,803	1,758,401

Total assets	\$ 9,178,201	\$ 10,870,473
=====		

LIABILITIES AND STOCKHOLDERS' EQUITY
Current liabilities:

Accounts payable	\$	48,205	\$	70,291
Accrued expenses and other current liabilities		853,115		827,589
Deferred revenue		279,387		306,172
		-----		-----
Total current liabilities		1,180,707		1,204,052
Long-term deferred revenue		65,875		67,792
Long-term debt		750,000		749,995
Other long-term liabilities		35,907		138,001
Minority interests in consolidated subsidiaries		44,266		-
Stockholders' equity		7,101,446		8,710,633
		-----		-----
Total liabilities and stockholders' equity	\$	9,178,201	\$	10,870,473
		=====		=====

CONTACT: Yahoo! Inc.

Kelly Delaney, 408-349-2579 (Media Relations)

kellyd@yahoo-inc.com

Cathy La Rocca, 408-349-5188 (Investor Relations)

cathy@yahoo-inc.com

or

OutCast Communications

Kim Milosevich, 415-345-4734 (Media Relations)

kim@outcastpr.com