

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT: April 7, 2004

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YAHOO! INC..

(Exact name of registrant as specified in its charter)

0-28018

(Commission File Number)

DELAWARE

77-0398689

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification No.)

701 FIRST AVE.

SUNNYVALE, CALIFORNIA 94089

(Address of principal executive offices, with zip code)

(408) 349-3300

(Registrant's telephone number, including area code)

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

99.1 Press release dated April 7, 2004 by Yahoo! Inc.

Item 12. 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 April 7, 2004, Yahoo! Inc., a Delaware corporation ("Yahoo!"), announced its financial results for the fiscal quarter ended March 31, 2004 and certain other information. A copy of Yahoo!'s press release announcing these financial results and certain other information is attached as Exhibit 99.1 hereto and incorporated by reference herein.

The press release attached as an exhibit to this report includes "safe harbor" language pursuant to the Private Securities Litigation Reform Act of 1995, as amended, indicating that certain statements about the Company's business and other matters contained in the press release are "forward-looking" rather than "historic." The press release also states that a more thorough discussion of certain factors which may affect the Company's operating results is included, among other sections, 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 fiscal year ended December 31, 2003, which is on file with the Securities and Exchange Commission ("SEC") and available at the Securities and Exchange Commission's website (<http://www.sec.gov>), and will also be included in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 to be filed with the Securities and Exchange Commission in the second quarter of 2004.

The press release also discloses certain financial measures, such as revenues excluding traffic acquisition costs ("TAC"), operating income before depreciation and amortization and free cash flow, that are considered non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles. We believe these financial

measures provide useful information to both management and investors by excluding certain expenses, gains and losses that may not be indicative of our core operating results. We believe these financial measures are useful to investors in allowing for greater transparency to supplemental information used by management in its financial and operational decision-making. In addition, we have historically reported similar financial measures to our investors and believe that the inclusion of comparative numbers provides consistency in our financial reporting at this time.

The Company believes that the non-GAAP financial measures revenues excluding TAC, operating income before depreciation and amortization and free cash flow are helpful, when presented in conjunction with the comparable GAAP measures of gross profit, income from operations, and cash flow from operating activities.

Revenues excluding TAC is defined as gross profit before other cost of revenues. We believe this performance measure is useful to management and investors as it is more comparable to our historical profitability, because traffic acquisition costs paid to affiliates of Overture Services, Inc., ("Overture"), which the Company acquired on October 7, 2003, are a significant percentage of revenues generated from Overture's sponsored search services. A limitation of revenues excluding TAC is that other cost of revenues are excluded and therefore it does not represent the actual gross profit for the period.

Operating income before depreciation and amortization is defined as income (loss) 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 all expenses related to our workforce. Management compensates for this limitation by providing supplemental information about stock compensation expense on the face of our consolidated statements of operations.

Free cash flow is defined as cash flow from operating activities less capital expenditures. In addition for the quarters ended June 30, 2002 and December 31, 2003, free cash flow also included change in long-term deferred revenue and Overture receivable settled through acquisition, respectively. Change in long-term deferred revenue represented cash payments received in advance of revenue recognized. Overture receivable settled through acquisition represented a Yahoo! accounts receivable balance owed from Overture that was settled as part of the acquisition. We consider free cash flow to be a liquidity measure which provides useful information to management and investors about the amount of cash generated 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.

In addition, management refers to these financial measures to facilitate internal and external comparisons to the Company's historical operating results, in making operating decisions, for budget planning purposes, and in some cases to form the basis upon which management is compensated. These measures should be considered in addition to, not as a substitute for, or superior to, gross profit, income from operations, cash flow from operating activities, or other measures of financial performance prepared in accordance with generally accepted accounting principles. The non-GAAP measures included in our press release have been reconciled to the most directly comparable GAAP measure as is required under SEC rules regarding the use of non-GAAP financial measures.

As used herein, "GAAP" refers to accounting principles generally accepted in the United States.

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 thereunto duly authorized.

YAHOO! INC.

Date: April 7, 2004

By: /s/ Susan Decker

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

YAHOO! INC.

INDEX TO EXHIBITS

Exhibit Number  
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Description  
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99.1

Press Release dated April 7, 2004.

## Yahoo! Reports First Quarter 2004 Financial Results

Company Posts Revenues of \$758 Million, Operating Income of \$132 Million, Operating Income Before Depreciation and Amortization of \$211 Million

SUNNYVALE, Calif.--(BUSINESS WIRE)--April 7, 2004--

Yahoo! Inc. (Nasdaq:YHOO) today reported results for the first quarter ended March 31, 2004.

"Yahoo!'s performance surpassed even our high expectations, delivering the most successful quarter in the Company's history," said Terry Semel, chairman and chief executive officer, Yahoo!. "With our products more popular than ever before, we have experienced success across our entire business including strong growth in our fee-based and marketing services."

- Revenues were \$758 million in the first quarter of 2004, compared to \$283 million in the same period of 2003.
- Revenues excluding traffic acquisition costs ("TAC") were \$550 million in the first quarter of 2004, compared to \$283 million for the same period of 2003.
- Gross profit for the first quarter of 2004 was \$476 million, compared to \$240 million for the same period of 2003.
- Operating income for the first quarter of 2004 was \$132 million, compared to \$55 million for the same period of 2003.
- Operating income before depreciation and amortization for the first quarter of 2004 was \$211 million, compared to \$85 million for the same period of 2003.
- Cash flow from operating activities for the first quarter of 2004 was \$236 million, compared to \$99 million for the same period of 2003.
- Free cash flow for the first quarter of 2004 was \$197 million, compared to \$78 million for the same period of 2003.

"Yahoo! is off to a great start in 2004. Our growth is a result of very impressive performance from our ongoing operations, leveraged further by recent acquisitions," said Susan Decker, chief financial officer, Yahoo!. "Looking forward, we are focused on making the appropriate investments and capital allocation decisions to help ensure sustainable, long-term growth. Due to our increased optimism about our business, we have raised our financial outlook for the full year 2004."

#### First Quarter 2004 Financial Highlights

Cash flow from operating activities and Free cash flow: Cash flow from operating activities for the first quarter of 2004 totaled \$236 million, compared to \$99 million for the same period of 2003. Free cash flow for the first quarter of 2004 totaled \$197 million, a 153 percent increase over the \$78 million reported for the same period of 2003.

Cash, cash equivalents and investments in marketable debt and equity securities increased by approximately \$219 million to \$2,790 million at March 31, 2004, compared to \$2,571 million at December 31, 2003. In addition to the free cash flow of \$197 million generated for the quarter ended March 31, 2004, the company increased its cash, cash equivalents and investments in marketable debt and equity securities balances by \$92 million related to issuance of common stock from exercise of employee stock options and approximately \$24 million related to other investing activities, offset by approximately \$50 million used to enter into a structured stock repurchase transaction and approximately \$44 million used for acquisitions completed in the first quarter of 2004, net of cash acquired. The structured stock repurchase will mature in the third quarter of 2004, at which point depending on the price per share of Yahoo! shares, Yahoo! will either repurchase shares or receive the \$50 million investment and a premium.

Revenues: In the first quarter of 2004, Yahoo! reported revenues of \$758 million, a 168 percent increase compared to the \$283 million reported in the same period in 2003.

Marketing services revenue for the first quarter of 2004 totaled \$635 million, a 235 percent increase from the \$190 million reported in the same period in 2003. This amount includes approximately \$10 million related to a one-time gain from unredeemed third party loyalty program points that expired

during the quarter. The year over year increase in marketing services revenue (excluding the gain related to the points expiration) resulted from a 48 percent growth in Yahoo!'s organic marketing services revenues, primarily in the search and marketplace properties, and incremental revenue associated with acquisitions completed during the past year.

Fees revenue for the first quarter of 2004 totaled \$88 million, a 39 percent increase compared to the \$64 million reported in the same period in 2003. This increase was primarily driven by the growth in the number of paying relationships for Yahoo!'s premium services, which were approximately 5.8 million at March 31, 2004 compared to approximately 2.9 million at March 31, 2003.

Listings revenue for the first quarter of 2004 totaled \$34 million, a 16 percent increase compared to the \$29 million reported in the same period in 2003. This increase was primarily driven by our search and marketplace listings.

Revenues excluding TAC and Gross profit: Revenues excluding TAC for the first quarter of 2004 totaled \$550 million, a 94 percent increase compared to the \$283 million in the same period of 2003. Gross profit for the first quarter of 2004 totaled \$476 million, compared to \$240 million in the same period of 2003. The increase in revenues excluding TAC for the quarter ended March 31, 2004, when compared to the same period in 2003, resulted from the combination of a strong increase in revenues from Yahoo!'s organic marketing services revenues, as well as the incremental revenue associated with the acquisitions completed during the past year.

Operating income and Operating income before depreciation and amortization: Operating income for the first quarter of 2004 totaled \$132 million, compared to \$55 million in the same period of 2003. Operating income before depreciation and amortization for the first quarter of 2004 totaled \$211 million, a 149 percent increase compared to the \$85 million achieved in the same period of 2003. The increase in operating income and operating income before depreciation and amortization for the quarter ended March 31, 2004, when compared to the same period in 2003, reflects strong growth in revenues excluding TAC while maintaining ongoing cost discipline.

Net Income: Net income for the first quarter of 2004 was \$101 million or \$0.14 per diluted share (which included \$0.01 per diluted share related to the one-time gain from unredeemed third party loyalty program points that expired during the quarter), compared with \$47 million or \$0.08 per diluted share for the same period of 2003.

Stock Split: Yahoo!'s Board of Directors approved a two-for-one split of all outstanding shares of the company's common stock, payable May 11, 2004 to stockholders of record on April 26, 2004.

Please refer to the "Note to Unaudited Condensed Consolidated Statements of Operations" for definition of these key financial measures and "Business Outlook" attached to this press release.

#### Quarterly Conference Call

Yahoo! will host a conference call to discuss first 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 Web site 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: 8685021

#### About Yahoo!

Yahoo! Inc. headquartered in Sunnyvale, Calif., is a leading provider of comprehensive online products and services to consumers and businesses worldwide. Yahoo! is the No. 1 Internet brand globally and the most trafficked Internet destination worldwide.

This press release includes the financial measures revenues excluding traffic acquisition costs, operating income before depreciation and amortization and free cash flow. These measures are defined as non-GAAP financial measures by the Securities and Exchange Commission and 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, decreases or delays in marketing services spending, including performance of the Company's recently acquired businesses; the actual increases in demand by customers for Yahoo!'s premium services; acceptance of new products and services; general economic conditions; risks related to the integration of recent acquisitions; the ability to adjust to changes in personnel, including management changes; and the dependence on third parties for technology, services, content and distribution. All information set forth in this release and its attachments is as of April 7, 2004. Yahoo! undertakes no duty to update this information. More information about potential factors that could affect the Company's business and financial results is included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, including (without limitation) under the captions, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is on file with the SEC and available at the SEC's website at [www.sec.gov](http://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, 2004, which will be filed with the SEC in the second quarter of 2004.

Yahoo! and the Yahoo! logos are trademarks and/or registered trademarks of Yahoo! Inc. All other names are trademarks and/or registered trademarks of their respective owners.

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

	Three Months Ended March 31,	
	2003	2004
Revenues	\$ 282,948	\$ 757,786
Cost of revenues	43,132	281,705
Gross profit	239,816	476,081
Operating expenses:		
Sales and marketing	113,479	166,295
Product development	36,398	76,989
General and administrative	28,640	57,556
Stock compensation expense(1)	575	12,572
Amortization of intangibles	5,747	30,512
Total operating expenses	184,839	343,924
Income from operations	54,977	132,157
Other income, net	12,530	14,378
Earnings in equity interests	9,729	19,868
Minority interests in operations of consolidated subsidiaries	(1,908)	(482)
Income before income taxes	75,328	165,921
Provision for income taxes	28,625	64,709
Net income	\$ 46,703	\$ 101,212
Net income per share - diluted	\$ 0.08	\$ 0.14
Shares used in per share calculation - diluted	615,788	713,274



(1) Stock compensation expense is allocated as follows:

Sales and marketing	\$	209	\$	3,605
Product development		286		4,723
General and administrative		80		4,244
		-----		-----
Total stock compensation expense	\$	575	\$	12,572
		=====		=====

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Supplemental Financial Data (See Note)  
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Revenues excluding traffic acquisition costs ("TAC")	\$	282,948	\$	550,150
Operating income before depreciation and amortization	\$	84,625	\$	210,921
Free cash flow	\$	78,125	\$	197,286

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Yahoo! Inc.

Note to Unaudited Condensed Consolidated Statements of Operations

The Company believes that the non-GAAP financial measures revenues excluding traffic acquisition costs ("TAC"), operating income before depreciation and amortization and free cash flow are helpful, when presented in conjunction with the comparable GAAP measures of gross profit, income from operations, and cash flow from operating activities.

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Operating income before depreciation and amortization is defined as income (loss) 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 all expenses related to our workforce. Management compensates for this limitation by providing supplemental information about stock compensation expense on the face of our consolidated statements of operations.

Free cash flow is defined as cash flow from operating activities less capital expenditures. In addition, for the quarters ended June 30, 2002 and December 31, 2003, free cash flow also included change in long-term deferred revenue and Overture receivable settled through acquisition, respectively. Change in long-term deferred revenue represented cash payments received in advance of revenue recognized. Overture receivable settled through acquisition represented a Yahoo! accounts receivable balance owed from Overture that was settled as part of the acquisition. We consider free cash flow to be a liquidity measure which provides useful information to management and investors about the amount of cash generated 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.

In addition, management refers to these financial measures to facilitate internal and external comparisons to the Company's historical operating results, in making operating decisions, for budget planning purposes, and in some cases to form the basis upon which management is compensated. These measures should be considered in addition to, not as a substitute for, or superior to, gross profit, income from operations, cash flow from operating activities, or other measures of financial performance prepared in accordance with generally accepted accounting principles.

Yahoo! Inc.  
Reconciliations to Unaudited Condensed Consolidated  
Statements of Operations  
(in thousands)

	Three Months Ended March 31,	
	2003	2004
Revenues for groups of similar services:		
Marketing services	\$ 189,965	\$ 635,468
Fees	63,729	88,470
Listings	29,254	33,848
	-----	-----
Total revenues	\$ 282,948	\$ 757,786
	=====	=====
Revenues by segment:		
United States	\$ 238,546	\$ 599,271
International	44,402	158,515
	-----	-----
Total revenues	\$ 282,948	\$ 757,786
	=====	=====
Cost of revenues:		
Traffic acquisition costs ("TAC")	\$ -	\$ 207,636
Other cost of revenues	43,132	74,069
	-----	-----
Total cost of revenues	\$ 43,132	\$ 281,705
	=====	=====
Revenues excluding TAC:		
Gross profit	\$ 239,816	\$ 476,081
Other cost of revenues	43,132	74,069
	-----	-----
Revenues excluding TAC	\$ 282,948	\$ 550,150
	=====	=====
Revenues excluding TAC by segment:		
United States:		
Gross profit	\$ 203,228	\$ 389,108
Other cost of revenues	35,318	62,617
	-----	-----
Revenues excluding TAC	\$ 238,546	\$ 451,725
	=====	=====
International:		
Gross profit	\$ 36,588	\$ 86,973
Other cost of revenues	7,814	11,452
	-----	-----
Revenues excluding TAC	\$ 44,402	\$ 98,425
	=====	=====
Operating income before depreciation and amortization:		
Income from operations	\$ 54,977	\$ 132,157
Depreciation and amortization	29,073	66,192
Stock compensation expense	575	12,572
	-----	-----
Operating income before depreciation and amortization	\$ 84,625	\$ 210,921
	=====	=====
Operating income before depreciation and amortization by segment:		
Operating income before depreciation and amortization - United States	\$ 77,523	\$ 191,254
Operating income before depreciation and amortization - International	7,102	19,667
	-----	-----
Operating income before depreciation		

and amortization	84,625	210,921
Corporate and unallocated operating costs and expenses:		
Depreciation and amortization	(29,073)	(66,192)
Stock compensation expense	(575)	(12,572)
	-----	-----
Income from operations	\$ 54,977	\$ 132,157
	=====	=====
United States		
Income from operations	\$ 51,000	\$ 121,289
Depreciation and amortization	25,948	59,300
Stock compensation expense	575	10,665
	-----	-----
Operating income before depreciation and amortization - United States	\$ 77,523	\$ 191,254
	=====	=====
International		
Income from operations	\$ 3,977	\$ 10,868
Depreciation and amortization	3,125	6,892
Stock compensation expense	-	1,907
	-----	-----
Operating income before depreciation and amortization - International	\$ 7,102	\$ 19,667
	=====	=====
Free cash flow:		
Cash flow from operating activities	\$ 98,628	\$ 235,975
Acquisition of property and equipment, net	(20,503)	(38,689)
	-----	-----
Free cash flow	\$ 78,125	\$ 197,286
	=====	=====

Yahoo! Inc.  
Business Outlook

Business Outlook

The following business outlook is based on current information (including the effect of our acquisition of Kelkoo S.A.) and expectations as of April 7, 2004. Yahoo!'s business outlook as of today is expected to be available on the Company's Investor Relations Web site throughout the current quarter. It is currently expected the full business outlook will not be updated until the release of Yahoo!'s next quarterly earnings announcement, notwithstanding subsequent developments; however, Yahoo! may update the full business outlook or any portion thereof at any time.

	Three months ending June 30, 2004	Year ending December 31, 2004
	-----	-----
Revenues excluding traffic acquisition costs(2) ("TAC") outlook (in millions):		
Gross Profit	\$500 - \$530	\$2,080 - \$2,170
Other cost of revenues	\$80 - \$85	\$325 - \$350
	-----	-----
Revenues excluding TAC	\$580 - \$615	\$2,405 - \$2,520
	=====	=====
Operating income before depreciation and amortization(2) outlook (in millions):		
Income from operations	\$131 - \$148	\$575 - \$625
Depreciation and amortization	\$70 - \$75	\$280 - \$300
Stock compensation expense	\$9 - \$12	\$35 - \$45
	-----	-----
Operating income before depreciation and amortization	\$210 - \$235	\$890 - \$970
	=====	=====

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

Yahoo! Inc.  
Unaudited Condensed Consolidated Statements of Cash Flows  
(in thousands)

	Three Months Ended March 31,	
	2003	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 46,703	\$ 101,212
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29,073	66,192
Tax benefits from stock options	21,057	60,750
Earnings in equity interests	(9,729)	(19,868)
Minority interests in operations of consolidated subsidiaries	1,908	482
Stock compensation expense	575	12,572
Other noncash charges	3,012	(1,273)
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net	(15,347)	1,189
Prepaid expenses and other assets	5,215	(4,410)
Accounts payable	2,603	(17,909)
Accrued expenses and other liabilities	4,260	32,303
Deferred revenue	9,298	4,735
Net cash provided by operating activities	98,628	235,975
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment, net	(20,503)	(38,689)
Purchases of marketable securities	(137,440)	(514,555)
Proceeds from sales and maturities of marketable securities	430,518	382,060
Acquisitions, net of cash acquired	(228,318)	(43,517)
Proceeds from sales of other investments	1,281	10,661
Net cash provided by (used in) investing activities	45,538	(204,040)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of common stock, net	23,567	92,295
Structured stock repurchase	-	(50,000)
Net cash provided by financing activities	23,567	42,295
Effect of exchange rate changes on cash and cash equivalents	(262)	3,040
Net change in cash and cash equivalents	167,471	77,270
Cash and cash equivalents, beginning of period	310,972	713,539
Cash and cash equivalents, end of period	\$ 478,443	\$ 790,809

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

	December 31, 2003	March 31, 2004
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 713,539	\$ 790,809
Short-term investments in marketable securities	595,978	767,118

Accounts receivable, net	282,415	281,966
Prepaid expenses and other current assets	129,777	138,052
	-----	-----
Total current assets	1,721,709	1,977,945
Long-term investments in marketable securities	1,261,693	1,232,343
Property and equipment, net	449,512	449,428
Goodwill	1,805,561	1,849,111
Intangible assets, net	445,640	433,477
Other assets	247,539	249,883
	-----	-----
Total assets	\$ 5,931,654	\$ 6,192,187
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 31,890	\$ 15,234
Accrued and other current liabilities	483,628	516,415
Deferred revenue	192,278	200,991
	-----	-----
Total current liabilities	707,796	732,640
Long term debt	750,000	750,000
Other liabilities	72,890	75,996
Minority interests in consolidated subsidiaries	37,478	42,060
Stockholders' equity	4,363,490	4,591,491
	-----	-----
Total liabilities and stockholders' equity	\$ 5,931,654	\$ 6,192,187
	=====	=====

Yahoo! Inc.  
Unaudited Supplemental Financial Information and Business Metrics  
(in thousands)

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004
	-----	-----	-----	-----	-----
Revenues for groups of similar services:					
Marketing services	\$ 189,965	\$ 219,198	\$ 245,072	\$ 545,498	\$ 635,468
Fees	63,729	69,926	79,358	85,179	88,470
Listings	29,254	32,282	32,391	33,245	33,848
	-----	-----	-----	-----	-----
Total revenues	\$ 282,948	\$ 321,406	\$ 356,821	\$ 663,922	\$ 757,786
	=====	=====	=====	=====	=====

Revenues for groups of similar services (Trailing Twelve Months):					
Marketing services	\$ 703,858	\$ 771,346	\$ 850,657	\$1,199,733	\$1,645,236
Fees	232,124	252,987	275,014	298,192	322,933
Listings	107,368	114,631	121,291	127,172	131,766
	-----	-----	-----	-----	-----
Total revenues	\$1,043,350	\$1,138,964	\$1,246,962	\$1,625,097	\$2,099,935
	=====	=====	=====	=====	=====

Revenues by segment:					
United States	\$ 238,546	\$ 271,345	\$ 299,759	\$ 545,503	\$ 599,271
International	44,402	50,061	57,062	118,419	158,515
	-----	-----	-----	-----	-----
Total revenues	\$ 282,948	\$ 321,406	\$ 356,821	\$ 663,922	\$ 757,786
	=====	=====	=====	=====	=====

Revenues by segment (Trailing Twelve Months):					
United States	\$ 878,532	\$ 962,412	\$1,052,036	\$1,355,153	\$1,715,878
International	164,818	176,552	194,926	269,944	384,057
	-----	-----	-----	-----	-----
Total revenues	\$1,043,350	\$1,138,964	\$1,246,962	\$1,625,097	\$2,099,935
	=====	=====	=====	=====	=====

Cost of revenues:

Traffic acquisition costs ("TAC")	\$	-	\$	-	\$	-	\$	152,583	\$	207,636
Other cost of revenues		43,132		46,842		47,287		68,259		74,069
-----										
Total cost of revenues	\$	43,132	\$	46,842	\$	47,287	\$	220,842	\$	281,705
=====										

Cost of revenues (Trailing Twelve Months):

Traffic acquisition costs	\$	-	\$	-	\$	-	\$	152,583	\$	360,219
Other cost of revenues		168,192		173,326		179,580		205,520		236,457
-----										
Total cost of revenues	\$	168,192	\$	173,326	\$	179,580	\$	358,103	\$	596,676
=====										

Revenues excluding TAC:

Gross profit	\$	239,816	\$	274,564	\$	309,534	\$	443,080	\$	476,081
Other cost of revenues		43,132		46,842		47,287		68,259		74,069
-----										
Revenues excluding TAC	\$	282,948	\$	321,406	\$	356,821	\$	511,339	\$	550,150
=====										

Revenues excluding TAC (Trailing twelve months):

Gross profit	\$	875,158	\$	965,638	\$	1,067,382	\$	1,266,994	\$	1,503,259
Other cost of revenues		168,192		173,326		179,580		205,520		236,457
-----										
Revenues excluding TAC	\$	1,043,350	\$	1,138,964	\$	1,246,962	\$	1,472,514	\$	1,739,716
=====										

Revenues excluding TAC by segment:

United States:										
Gross profit	\$	203,228	\$	232,890	\$	261,290	\$	371,557	\$	389,108
Other cost of revenues		35,318		38,455		38,469		58,446		62,617
-----										
Revenues excluding TAC	\$	238,546	\$	271,345	\$	299,759	\$	430,003	\$	451,725
=====										

International:										
Gross profit	\$	36,588	\$	41,674	\$	48,244	\$	71,523	\$	86,973
Other cost of revenues		7,814		8,387		8,818		9,813		11,452
-----										
Revenues excluding TAC	\$	44,402	\$	50,061	\$	57,062	\$	81,336	\$	98,425
=====										

Revenues excluding TAC by segment (Trailing Twelve Months):

United States:										
Gross profit	\$	744,266	\$	822,088	\$	905,792	\$	1,068,965	\$	1,254,845
Other cost of revenues		134,266		140,324		146,244		170,688		197,987
-----										
Revenues excluding TAC	\$	878,532	\$	962,412	\$	1,052,036	\$	1,239,653	\$	1,452,832
=====										

International:										
Gross profit	\$	130,892	\$	143,550	\$	161,590	\$	198,029	\$	248,414
Other cost of revenues		33,926		33,002		33,336		34,832		38,470
-----										
Revenues excluding TAC	\$	164,818	\$	176,552	\$	194,926	\$	232,861	\$	286,884

Operating income before depreciation and amortization:					
Income from operations	\$ 54,977	\$ 62,772	\$ 83,498	\$ 94,419	\$ 132,157
Depreciation and amortization	29,073	34,503	33,013	63,099	66,192
Stock compensation expense	575	891	485	20,078	12,572
Operating income before depreciation and amortization	\$ 84,625	\$ 98,166	\$ 116,996	\$ 177,596	\$ 210,921

Operating income before depreciation and amortization (Trailing Twelve Months):					
Income from operations	\$ 147,340	\$ 202,594	\$ 256,615	\$ 295,666	\$ 372,846
Depreciation and amortization	115,507	122,534	125,796	159,688	196,807
Stock compensation expense	3,357	3,129	2,661	22,029	34,026
Operating income before depreciation and amortization	\$ 266,204	\$ 328,257	\$ 385,072	\$ 477,383	\$ 603,679

Operating income before depreciation and amortization by segment:					
Operating income before depreciation and amortization - United States	\$ 77,523	\$ 91,446	\$ 106,607	\$ 165,796	\$ 191,254
Operating income before depreciation and amortization - International	7,102	6,720	10,389	11,800	19,667
Operating income before depreciation and amortization	84,625	98,166	116,996	177,596	210,921
Depreciation and amortization	(29,073)	(34,503)	(33,013)	(63,099)	(66,192)
Stock compensation expense	(575)	(891)	(485)	(20,078)	(12,572)
Income from operations	\$ 54,977	\$ 62,772	\$ 83,498	\$ 94,419	\$ 132,157

Operating income before depreciation and amortization by segment (Trailing Twelve Months):					
Operating income before depreciation and amortization - United States	\$ 257,795	\$ 309,568	\$ 357,601	\$ 441,372	\$ 555,103
Operating income before depreciation					

and amortization - International	8,409	18,689	27,471	36,011	48,576
-----					
Operating income before depreciation and amortization	266,204	328,257	385,072	477,383	603,679
Depreciation and amortization	(115,507)	(122,534)	(125,796)	(159,688)	(196,807)
Stock compensation expense	(3,357)	(3,129)	(2,661)	(22,029)	(34,026)
-----					
Income from operations	\$ 147,340	\$ 202,594	\$ 256,615	\$ 295,666	\$ 372,846
=====					

Operating income before depreciation and amortization by segment:

United States Income from operations	\$ 51,000	\$ 60,472	\$ 77,684	\$ 90,246	\$ 121,289
Depreciation and amortization	25,948	30,083	28,438	57,423	59,300
Stock compensation expense	575	891	485	18,127	10,665
-----					
Operating income before depreciation and amortization - United States	\$ 77,523	\$ 91,446	\$ 106,607	\$ 165,796	\$ 191,254
=====					

International Income from operations	\$ 3,977	\$ 2,300	\$ 5,814	\$ 4,173	\$ 10,868
Depreciation and amortization	3,125	4,420	4,575	5,676	6,892
Stock compensation expense	-	-	-	1,951	1,907
-----					
Operating income before depreciation and amortization - Interna- tional	\$ 7,102	\$ 6,720	\$ 10,389	\$ 11,800	\$ 19,667
=====					

Operating income before depreciation and amortization by segment  
(Trailing Twelve Months):

United States Income from operations	\$ 150,646	\$ 197,244	\$ 244,177	\$ 279,402	\$ 349,691
Depreciation and amortization	103,792	109,195	110,763	141,892	175,244
Stock compensation expense	3,357	3,129	2,661	20,078	30,168
-----					
Operating income before depreciation and amortization - United States	\$ 257,795	\$ 309,568	\$ 357,601	\$ 441,372	\$ 555,103
=====					



International Income (loss) from operations	\$ (3,306)	\$ 5,350	\$ 12,438	\$ 16,264	\$ 23,155
Depreciation and amortization	11,715	13,339	15,033	17,796	21,563
Stock compensation expense	-	-	-	1,951	3,858

Operating income before depreciation and amortization - Internation- al	\$ 8,409	\$ 18,689	\$ 27,471	\$ 36,011	\$ 48,576
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Free cash flow: Cash flow from operating activities	\$ 98,628	\$ 92,123	\$ 135,533	\$ 101,860	\$ 235,975
Acquisition of property and equipment, net	(20,503)	(20,770)	(38,445)	(37,611)	(38,689)
Overture receivable settled through acquisition	-	-	-	28,071	-
Free cash flow	\$ 78,125	\$ 71,353	\$ 97,088	\$ 92,320	\$ 197,286

Free cash flow (Trailing Twelve Months): Cash flow from operating activities	\$ 353,633	\$ 342,374	\$ 405,642	\$ 428,144	\$ 565,491
Acquisition of property and equipment, net	(64,769)	(71,238)	(96,390)	(117,329)	(135,515)
Change in long-term deferred revenue	(30,000)	-	-	-	-
Overture receivable settled through acquisition	-	-	-	28,071	28,071
Free cash flow	\$ 258,864	\$ 271,136	\$ 309,252	\$ 338,886	\$ 458,047

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