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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 18, 2005
Date of Report (Date of Earliest Event Reported)

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

Delaware 0-28018 77-0398689
(State or other Jurisdiction (Commission File No.) (IRS Employer
of Incorporation) Identification No.)

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 18, 2005, Yahoo! Inc., a Delaware corporation ("Yahoo!")
announced its financial results for the fiscal quarter and year ended December
31, 2004 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 18, 2005.



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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

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

Date: January 18, 2005

YAHOO! INC.

INDEX TO EXHIBITS

Exhibit Number -----	Description -----
99.1	Press Release dated January 18, 2005

EXHIBIT NUMBER DESCRIPTION ----- 99.1 Press release dated January 18, 2005.

## Yahoo! Reports Fourth Quarter and Full Year 2004 Financial Results

SUNNYVALE, Calif.--(BUSINESS WIRE)--Jan. 18, 2005--

Company Posts Full Year Revenues of \$3,575 Million, Operating Income of \$689 Million, Operating Income Before Depreciation and Amortization of \$1,032 Million

Yahoo! Inc. (Nasdaq:YHOO) today reported results for the fourth quarter and full year ended December 31, 2004.

"Yahoo! moved at an impressive pace in the fourth quarter, capping another record year for the Company. Our users were more engaged in 2004 than ever before because of Yahoo!'s relentless focus on delivering the most innovative products and services on the Internet," said Terry Semel, chairman and chief executive officer, Yahoo!.

"Yahoo! also benefited from the growing acceptance of online advertising with marketers who recognize its effectiveness and are therefore increasingly using this platform to reach their consumers."

- Revenues were \$1,078 million for the fourth quarter of 2004, a 62 percent increase compared to \$664 million for the same period of 2003.
- Revenues excluding traffic acquisition costs ("TAC") were \$785 million for the fourth quarter of 2004, a 54 percent increase compared to \$511 million for the same period of 2003.
- Gross profit for the fourth quarter of 2004 was \$691 million, a 56 percent increase compared to \$443 million for the same period of 2003.
- Operating income for the fourth quarter of 2004 was \$235 million, a 149 percent increase compared to \$94 million for the same period of 2003.
- Operating income before depreciation and amortization for the fourth quarter of 2004 was \$327 million, an 84 percent increase compared to \$178 million for the same period of 2003.
- Cash flow from operating activities for the fourth quarter of 2004 was \$337 million, a 231 percent increase compared to \$102 million for the same period of 2003.
- Free cash flow for the fourth quarter of 2004 was \$251 million, a 172 percent increase compared to \$92 million for the same period of 2003.
- Net income for the fourth quarter of 2004 was \$373 million or \$0.25 per diluted share (including a net impact of \$185 million, or \$0.13 per diluted share, related to the sale of an investment). Excluding this gain, net income for the fourth quarter was \$187 million, or \$0.13 per diluted share. This compares with net income of \$75 million or \$0.05 per diluted share for the same period of 2003.

"Yahoo!'s strong fourth quarter performance completes our third consecutive year of delivering strong organic revenue growth, expanding operating margins, and generating substantial free cash flow," said Susan Decker, chief financial officer, Yahoo!. "We are attracting more and more users to Yahoo!'s network of services and driving their usage deeper with more relevant products and services. This deeper usage is the real magic behind the surpassing of our financial objectives."

- Revenues for the year ended December 31, 2004 were \$3,575 million, a 120 percent increase compared to \$1,625 million for 2003.
- Revenues excluding TAC for 2004 were \$2,600 million, a 77 percent increase compared to \$1,473 million for 2003.
- Gross profit for 2004 was \$2,276 million, an 80 percent increase compared to \$1,267 million for 2003.
- Operating income for 2004 was \$689 million, a 133 percent increase compared to \$296 million for 2003.
- Operating income before depreciation and amortization for 2004 was \$1,032 million, a 116 percent increase compared to \$477

million for 2003.

- Cash flow from operating activities for 2004 was \$1,090 million, a 155 percent increase compared to \$428 million for 2003.
- Free cash flow for 2004 was \$844 million, a 149 percent increase compared to \$339 million for 2003.
- Net income for 2004 was \$840 million or \$0.58 per diluted share (including a net impact of \$314 million, or \$0.22 per diluted share, related to the sale of an investment and the associated tax benefit resulting from fully reserved capital losses becoming realizable). Excluding this gain, net income for 2004 was \$526 million, or \$0.36 per diluted share. This compares with net income of \$238 million or \$0.18 per diluted share for 2003.
- The provision for income taxes of \$438 million yielded an effective tax rate of 37% for 2004 as a result of the previously described tax benefit associated with the capital loss carryforwards. The provision for income taxes for 2003 was \$147 million, and yielded an effective tax rate of 43%.

#### Fourth Quarter and Year Ended 2004 Financial Highlights

Marketing services revenue for the fourth quarter of 2004 totaled \$911 million, a 67 percent increase from the \$545 million reported for the same period of 2003. Marketing services revenue for the year ended December 31, 2004 totaled \$3,002 million, a 150 percent increase from the \$1,200 million reported for 2003. Listings revenue for the fourth quarter of 2004 totaled \$38 million, a 15 percent increase compared to the \$33 million reported for the same period of 2003. Listings revenue for the year ended December 31, 2004 totaled \$147 million, a 16 percent increase compared to the \$127 million reported for 2003. The year over year increases in marketing services and listings revenues resulted from growth in Yahoo!'s organic revenue and incremental revenue associated with acquisitions completed during the past year. Fees revenue for the fourth quarter of 2004 totaled \$129 million, a 52 percent increase compared to the \$85 million reported for the same period of 2003. Fees revenue for the year ended December 31, 2004 totaled \$426 million, a 43 percent increase compared to the \$298 million reported for 2003. The year over year increases in fees revenues were primarily driven by the growth in the number of paying relationships for Yahoo!'s premium services, which were approximately 8.4 million at December 31, 2004 compared to approximately 4.9 million at December 31, 2003.

United States revenues for the fourth quarter of 2004 were \$775 million, a 42 percent increase from the \$546 million reported for the same period of 2003. United States revenues for the year ended December 31, 2004 were \$2,653 million, a 96 percent increase from the \$1,355 million reported for 2003. International revenues for the fourth quarter of 2004 were \$303 million, a 156 percent increase from the \$118 million reported for the same period of 2003. International revenues for the year ended December 31, 2004 were \$921 million, a 241 percent increase from the \$270 million reported for 2003.

United States segment operating income before depreciation and amortization in the fourth quarter of 2004 was \$278 million, a 68 percent increase from the \$166 million reported for the same period of 2003. United States segment operating income before depreciation and amortization for the year ended December 31, 2004 was \$891 million, a 102 percent increase from the \$441 million reported for 2003. International segment operating income before depreciation and amortization in the fourth quarter of 2004 was \$49 million, a 315 percent increase from the \$12 million for the same period of 2003. International segment operating income before depreciation and amortization for the year ended December 31, 2004 was \$141 million, a 291 percent increase from the \$36 million reported for 2003. These increases were primarily a result of the increases in United States and International revenues and continued efforts to control discretionary spending.

Free cash flow was \$251 million in the fourth quarter of 2004 and \$844 million for the year ended December 31, 2004. Free cash flow was the largest contributor to the increase of \$1,176 million in our cash, cash equivalents and investments in marketable debt securities which grew from approximately \$2,566 million at December 31, 2003 to \$3,742 million at December 31, 2004. Other contributors to the increase were \$651 million of cash generated from the issuance of common stock as a result of the exercise of employee stock options, and \$503 million in proceeds from sales of marketable equity securities, offset by a net \$70 million used in structured stock repurchase transactions and \$756

million used for acquisitions.

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 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 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: 10575210.

#### About Yahoo!

Yahoo! Inc. is the No. 1 Internet brand globally and the most trafficked Internet destination worldwide. Yahoo! provides online products and services essential to consumers' 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, Calif.

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, and free cash flow. 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, decreases or delays in marketing services spending, the demand by customers for Yahoo!'s premium services; acceptance of new products and services; the Company's ability to compete with new or existing competitors; general economic conditions; risks related to the integration of recent acquisitions; 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; 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 January 18, 2005. 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 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 and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, which are 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 Annual Report on Form 10-K for the year ended December 31, 2004, which will be filed with the SEC in the first quarter of 2005.

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	Year Ended
December 31,	December 31,

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	2003	2004	2003	2004
Revenues	\$ 663,922	\$1,077,717	\$1,625,097	\$3,574,517
Cost of revenues	220,842	387,138	358,103	1,298,559
Gross profit	443,080	690,579	1,266,994	2,275,958
Operating expenses:				
Sales and marketing	166,280	226,909	530,613	778,029
Product development	78,105	107,598	207,285	368,760
General and administrative	54,844	72,672	157,027	262,602
Stock compensation expense (1)	20,078	6,467	22,029	32,290
Amortization of intangibles	29,354	42,108	54,374	145,696
Total operating expenses	348,661	455,754	971,328	1,587,377
Income from operations	94,419	234,825	295,666	688,581
Other income, net	13,202	345,605	47,506	496,443
Income before income taxes, earnings in equity interests, minority interests (2)	107,621	580,430	343,172	1,185,024
Provision for income taxes	(47,205)	(233,623)	(147,024)	(437,966)
Earnings in equity interests	15,427	25,319	47,652	94,991
Minority interests in operations of consolidated subsidiaries	(824)	398	(5,921)	(2,496)
Net income	\$ 75,019	\$ 372,524	\$ 237,879	\$ 839,553
Net income per share - diluted (3)	\$ 0.05	\$ 0.25	\$ 0.18	\$ 0.58
Shares used in per share calculation - diluted (3)	1,409,613	1,475,131	1,310,796	1,452,499

(1) Stock compensation expense is allocated as follows:

Sales and marketing	\$ 5,366	\$ 1,908	\$ 5,785	\$ 9,620
Product development	9,309	2,368	10,526	12,010
General and administrative	5,403	2,191	5,718	10,660
Total stock compensation expense	\$ 20,078	\$ 6,467	\$ 22,029	\$ 32,290

Supplemental Financial Data (See Note)

Revenues excluding traffic acquisition costs ("TAC")	\$ 511,339	\$ 785,011	\$1,472,514	\$2,599,703
Operating income before depreciation and amortization	\$ 177,596	\$ 327,225	\$ 477,383	\$1,031,912
Free cash flow	\$ 92,320	\$ 251,351	\$ 338,886	\$ 844,320

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- (2) Beginning this quarter, a new subtotal is being presented in the unaudited condensed consolidated statement of operations: Income before income taxes, earnings in equity interests and minority interests. Earnings in equity interests and Minority interests in operations of consolidated subsidiaries are now presented below Provision for income taxes. In accordance with generally accepted accounting principles, these items have consistently been presented net of income taxes. This presentation has also been adopted for prior periods.
  - (3) In accordance with the adoption of EITF 04-08 "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share", the number of diluted shares for the three months and year ended December 31, 2003 has been revised to include the shares related to the Company's convertible notes since issuance. The inclusion of these shares results in a decrease of \$0.01 to previously reported diluted earnings per share for the year ended December 31, 2003. There is no change to the previously reported diluted earnings per share for the quarter ended December 31, 2003. In addition, there is no change to the previously reported diluted earnings per share for any of the periods reported in the year ended December 31, 2004, as the computation of diluted earnings per share for all such periods included the shares issuable upon conversion of the convertible notes as the market price condition for convertibility was satisfied in all periods reported.

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, and free cash flow, which are reconciled to gross profit, income from operations, and cash flow from operating activities, respectively, which we believe are the most comparable GAAP measures. We use these non-GAAP financial measures for internal managerial purposes, when publicly providing guidance on possible future results, 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, and cash flow from operating activities 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. We began incurring TAC when we acquired Overture Services, Inc. in October 2003. TAC primarily represents revenues, a significant portion of which is shared with, and paid to, Overture's third party affiliates who integrate Overture's sponsored search service into their websites. We present revenues excluding TAC: (1) to permit investors to make a meaningful comparison of our current performance to our performance before we acquired Overture, (2) to provide a metric for our investors to analyze and value our Company and (3) to provide investors one of the primary metrics used by the Company for evaluation and decision-making purposes. Specifically, it allows investors to compare gross profit as a percentage of revenues before and after the Overture acquisition, since TAC is the only significant difference in the cost of revenues between our legacy business and Overture's business. Consequently, presenting revenues excluding TAC helps investors better understand changes in our gross profit as a percentage of revenues for pre- and post-acquisition of Overture. We also 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 Overture 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 less net capital expenditures. In addition, for the quarters ended June 30, 2002 and December 31, 2003, free cash flow also included a change in long-term deferred revenue and an Overture receivable settled through acquisition, respectively. The change in long-term deferred revenue represented cash payments received in advance of revenue recognized. The 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 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.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2004	2003	2004
Revenues for groups of similar services:				
Marketing services	\$545,498	\$ 910,563	\$1,199,733	\$3,001,777
Fees	85,179	129,054	298,192	425,576
Listings	33,245	38,100	127,172	147,164
	-----			
Total revenues	\$663,922	\$1,077,717	\$1,625,097	\$3,574,517
	=====			
Revenues by segment:				
United States	\$545,503	\$ 775,020	\$1,355,153	\$2,653,437
International	118,419	302,697	269,944	921,080
	-----			
Total revenues	\$663,922	\$1,077,717	\$1,625,097	\$3,574,517
	=====			

Cost of revenues:  
Traffic acquisition

costs ("TAC")	\$152,583	\$ 292,706	\$ 152,583	\$ 974,814
Other cost of revenues	68,259	94,432	205,520	323,745
	-----	-----	-----	-----
Total cost of revenues	\$220,842	\$ 387,138	\$ 358,103	\$1,298,559
	=====	=====	=====	=====
Revenues excluding TAC:				
Gross profit	\$443,080	\$ 690,579	\$1,266,994	\$2,275,958
Other cost of revenues	68,259	94,432	205,520	323,745
	-----	-----	-----	-----
Revenues excluding TAC	\$511,339	\$ 785,011	\$1,472,514	\$2,599,703
	=====	=====	=====	=====
Revenues excluding TAC by segment:				
United States:				
Gross profit	\$371,557	\$ 526,826	\$1,068,965	\$1,768,459
Other cost of revenues	58,446	74,269	170,688	261,530
	-----	-----	-----	-----
Revenues excluding TAC	\$430,003	\$ 601,095	\$1,239,653	\$2,029,989
	=====	=====	=====	=====
International:				
Gross profit	\$ 71,523	\$ 163,753	\$ 198,029	\$ 507,499
Other cost of revenues	9,813	20,163	34,832	62,215
	-----	-----	-----	-----
Revenues excluding TAC	\$ 81,336	\$ 183,916	\$ 232,861	\$ 569,714
	=====	=====	=====	=====
Operating income before depreciation and amortization:				
Income from operations	\$ 94,419	\$ 234,825	\$ 295,666	\$ 688,581
Depreciation and amortization	63,099	85,933	159,688	311,041
Stock compensation expense	20,078	6,467	22,029	32,290
	-----	-----	-----	-----
Operating income before depreciation and amortization	\$177,596	\$ 327,225	\$ 477,383	\$1,031,912
	=====	=====	=====	=====
Operating income before depreciation and amortization by segment:				
Operating income before depreciation and amortization - United States				
	\$165,796	\$ 278,224	\$ 441,372	\$ 891,103
Operating income before depreciation and amortization - International				
	11,800	49,001	36,011	140,809
	-----	-----	-----	-----
Operating income before depreciation and amortization	177,596	327,225	477,383	1,031,912
	=====	=====	=====	=====
United States:				
Income from operations	\$ 90,246	\$ 203,808	\$ 279,402	\$ 605,055
Depreciation and amortization	57,423	68,596	141,892	258,275
Stock compensation expense	18,127	5,820	20,078	27,773
	-----	-----	-----	-----
Operating income before depreciation and amortization - United States	\$165,796	\$ 278,224	\$ 441,372	\$ 891,103
	=====	=====	=====	=====
International:				
Income from operations	\$ 4,173	\$ 31,017	\$ 16,264	\$ 83,526
Depreciation and amortization	5,676	17,337	17,796	52,766
Stock compensation expense	1,951	647	1,951	4,517
	-----	-----	-----	-----
Operating income before depreciation and amortization - International	\$ 11,800	\$ 49,001	\$ 36,011	\$ 140,809
	=====	=====	=====	=====

Free cash flow:				
Cash flow from operating activities	\$101,860	\$ 336,720	\$ 428,144	\$1,089,821
Acquisition of property and equipment, net	(37,611)	(85,369)	(117,329)	(245,501)
Overture receivable settled through acquisition	28,071	-	28,071	-
Free cash flow	\$ 92,320	\$ 251,351	\$ 338,886	\$ 844,320

Yahoo! Inc.  
Business Outlook

Business Outlook

The following business outlook is based on current information and expectations as of January 18, 2005. 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 outlook will not be updated until the release of Yahoo!'s next quarterly earnings announcement, notwithstanding subsequent developments; however, Yahoo! may update the outlook or any portion thereof at any time.

	Three months ending March 31, 2005	Year ending Dec. 31, 2005
Revenues excluding traffic acquisition costs (1) ("TAC") outlook (in millions):		
Gross Profit	\$670-700	\$2,920-3,080
Other cost of revenues	\$95-105	\$445-485
Revenues excluding TAC	\$765-805	\$3,365-3,565
Operating income before depreciation and amortization (1) outlook (in millions):		
Income from operations	\$201-212	\$1,005-1,070
Depreciation and amortization	\$84-90	\$370-395
Stock compensation expense	\$5-8	\$15-25
Operating income before depreciation and amortization	\$290-310	\$1,390-1,490

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

(2) Business Outlook excludes the impact of adoption of Financial Accounting Standards Board Statement (FASB 123R) "Share Based Payments", which will be effective July 1, 2005.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2004	2003	2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 75,019	\$ 372,524	\$ 237,879	\$ 839,553
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	63,099	85,933	159,688	311,041

Tax benefits from stock options	39,009	231,710	124,852	408,976
Earnings in equity interests	(15,427)	(25,319)	(47,652)	(94,991)
Minority interests in operations of consolidated subsidiaries	824	(398)	5,921	2,496
Stock compensation expense	20,078	6,467	22,029	32,290
(Gain)/loss from sale of investments, assets and other, net	1,716	(302,961)	11,047	(394,028)
Changes in assets and liabilities, net of effects of acquisitions:				
Accounts receivable, net	(90,405)	(79,402)	(122,220)	(162,690)
Prepaid expenses and other assets	17,591	(5,783)	16,835	(12,217)
Accounts payable	(13,169)	(2,671)	(12,889)	(3,570)
Accrued expenses and other liabilities	(18,787)	30,392	(640)	113,953
Deferred revenue	22,312	26,228	33,294	49,008
Net cash provided by operating activities	101,860	336,720	428,144	1,089,821
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Acquisition of property and equipment, net	(37,611)	(85,369)	(117,329)	(245,501)
Purchases of marketable securities	(284,502)	(611,152)	(1,916,800)	(1,789,893)
Proceeds from sales and maturities of marketable debt securities	247,773	365,987	1,289,202	1,268,059
Acquisitions, net of cash acquired	(147,918)	(148,015)	(376,236)	(755,707)
Proceeds from sales of marketable equity securities	-	310,026	1,928	502,806
Other investing activities, net	(3,189)	(2,066)	(2,354)	12,087
Net cash used in investing activities	(225,447)	(170,589)	(1,121,589)	(1,008,149)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds from issuance of debt, net	-	-	733,125	-
Proceeds from issuance of common stock, net	150,174	226,934	353,201	650,525
Structured stock repurchase, net	-	26,349	-	(69,558)
Net cash provided by financing activities	150,174	253,283	1,086,326	580,967
Effect of exchange rate changes on cash and cash equivalents	5,434	23,128	9,686	29,892
Net change in cash and cash equivalents	32,021	442,542	402,567	692,531
Cash and cash equivalents, beginning of period	681,518	963,528	310,972	713,539
Cash and cash equivalents, end of period	\$ 713,539	\$1,406,070	\$ 713,539	\$ 1,406,070

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

	Dec. 31, 2003	Dec. 31, 2004
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<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 713,539	\$1,406,070
Short-term investments in marketable debt securities	595,978	1,293,617
Short-term investments in marketable equity securities	-	812,288
Accounts receivable, net	282,415	479,993
Prepaid expenses and other current assets	129,777	208,591
	-----	-----
Total current assets	1,721,709	4,200,559
Long-term investments in marketable debt securities	1,256,698	1,042,575
Property and equipment, net	449,512	531,696
Goodwill	1,805,561	2,550,957
Intangible assets, net	445,640	480,666
Other assets	252,534	285,916
	-----	-----
Total assets	\$5,931,654	\$9,092,369
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 31,890	\$ 48,205
Accrued and other current liabilities	483,628	657,199
Deferred revenue	192,278	279,387
	-----	-----
Total current liabilities	707,796	984,791
Long-term deferred revenue	-	65,875
Long-term debt	750,000	750,000
Other liabilities	72,890	145,991
Minority interests in consolidated subsidiaries	37,478	44,266
Stockholders' equity	4,363,490	7,101,446
	-----	-----
Total liabilities and stockholders' equity	\$5,931,654	\$9,092,369
	=====	=====

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