

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

DATE OF REPORT: July 7, 1999

YAHOO! INC.

(Exact name of registrant as specified in its charter)

0-26822

(Commission File Number)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

77-0398689

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

3420 CENTRAL EXPRESSWAY
SANTA CLARA, CALIFORNIA 95051

(Address of principal executive offices, with zip code)

(408) 731-3300

(Registrant's telephone number, including area code)

ITEM 5. OTHER EVENTS

On July 7, 1999, Yahoo! Inc., a Delaware corporation ("Yahoo!") announced its financial results for the three and six month periods ended June 30, 1999. A copy of Yahoo!'s press release announcing these financial results is attached as Exhibit 99.1 hereto and incorporated by reference herein.

The press release filed as an exhibit to this report includes "safe harbor" language, pursuant to the Private Securities Litigation Reform Act of 1995, indicating that certain statements about the Company's business contained in the press release are "forward-looking" rather than "historic." The press release also states that more thorough discussions of factors affecting the Company's operating results are included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1999, the Company's Current Report on Form 8-K/A filed on June 8, 1999, and the Company's Registration Statement on Form S-4 filed on June 8, 1999, and all filed with the Securities and Exchange Commission.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) EXHIBITS.

99.1 Press Release dated July 7, 1999.

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: July 7, 1999

By: /s/ Gary Valenzuela

Gary Valenzuela
Senior Vice President, Finance and
Administration, and Chief Financial Officer

YAHOO! INC.

INDEX TO EXHIBITS

EXHIBIT NUMBER

DESCRIPTION

99.1

Press Release dated July 7, 1999.

YAHOO! REPORTS SECOND QUARTER 1999 FINANCIAL RESULTS

COMPANY POSTS \$115 MILLION IN REVENUES AND \$0.11 PRO FORMA EPS

SANTA CLARA, CALIF. - JULY 7, 1999 - Yahoo! Inc. (Nasdaq: YH00) today reported net revenues totaling \$115,239,000 for the second quarter ended June 30, 1999, a 156 percent increase over net revenues of \$44,948,000 reported in the same period in 1998. Pro forma net income for the quarter was \$28,298,000 or \$0.11 per share diluted, excluding merger-related charges incurred in the acquisitions of GeoCities, Online Anywhere, and Encompass, Inc., and the effects of amortization of intangible assets. This compares to pro forma net income of \$1,459,000 or \$0.01 per share diluted for the same period in 1998, and pro forma net income of \$19,900,000 or \$0.08 per share diluted in the first quarter ended March 31, 1999. These financial results include the recent acquisitions of GeoCities, Online Anywhere, and Encompass, and do not include the proposed acquisition of broadcast.com, which is anticipated to close in the third quarter of 1999. Net loss, including the merger-related charges and effects of amortization of intangible assets for the quarter ended June 30, 1999, was \$15,062,000 or \$0.07 per share compared to a net loss of \$14,248,000 or \$0.08 per share for the quarter ended June 30, 1998.

"During the second quarter, we expanded our audience, our extensive global presence, the content and services we offer, the platforms and devices on which they are delivered, and the marketing programs we offer our customers," said Tim Koogle, chairman and CEO, Yahoo!. "The GeoCities, broadcast.com, Online Anywhere, and Encompass acquisitions support our strategy to further strengthen our leadership in these areas, delivering the Web's best consumer experience from any device, any time, while providing merchants and advertisers with innovative, integrated, and measurable solutions."

AUDIENCE GROWTH AND USAGE

Yahoo!'s global audience, reach, and consumption continued to increase during the second quarter. In the month of June 1999, more than 80 million unique users worldwide visited the Yahoo! network, and the company's registration base grew to more than 65 million unique registrations. In addition, the Yahoo! and GeoCities combined reach among work and home users increased to 59.7 percent in the United States during May (Media Metrix, May 1999). During the month of June 1999, traffic on the Yahoo! global network of properties increased to an average of 310 million page views per day, compared to an average of 235 million page views per day in March 1999. Yahoo! Japan's traffic, which is included in the above page view totals, increased to more than 22 million page views per day during the month of June 1999 from more than 17 million per day in March 1999. These June 1999 page views reflect the recent acquisition of GeoCities.

DISTRIBUTION AND MARKETING

Yahoo! continued to expand its extensive global distribution during the quarter. The company acquired Online Anywhere to enable Yahoo! to easily deliver content and services to a wide array of non-PC and wireless devices. Yahoo! also acquired Encompass, enabling Yahoo! to offer PC and device manufacturers a comprehensive solution that results in easier consumer access to content and services on the Web. In the United States, Yahoo! entered or extended distribution alliances with Caere Corporation, Hewlett-Packard, Phoenix Technologies, Sprint PCS, and Symantec. Yahoo! also extended its relationship with TIBCO Software, to offer Corporate My Yahoo! to the corporate marketplace. Internationally, Yahoo! teamed with SmarTone in Hong Kong, D2 in Germany, and SK Telecom and Hansol PCS in Korea to deliver Yahoo!'s Web content and services to wireless phone users.

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During the quarter, Yahoo! and Canal Fox, the No. 1 general entertainment channel in Latin America, entered a marketing and promotional agreement. In addition, Yahoo! UK & Ireland and BskyB, U.K.'s largest television network, entered a marketing and promotional agreement to promote Yahoo! UK & Ireland throughout BskyB's network.

NETWORK PROGRAMMING AND SERVICES

During the second quarter, Yahoo! continued to build out its media properties. Yahoo! completed its first phase of integrating the GeoCities online community (<http://geocities.yahoo.com>) and home page building services into Yahoo!'s global network, including its unique universal registration system. In personal finance, Yahoo! and Bank of America began giving individuals access to their bank account information through Yahoo! Finance (<http://finance.yahoo.com>) and My Yahoo! (<http://my.yahoo.com>). Yahoo! Finance also launched auto loan services through a relationship with debis Financial Services. During the quarter, Yahoo! unveiled Yahoo! Radio (<http://radio.yahoo.com>), providing Web users with direct access to broadcast audio programming. The company also launched Yahoo! Health (<http://health.yahoo.com>), enabling users to conduct research, obtain the latest health news, gain advice from medical experts, and find a physician. Yahoo! also expanded its programming and services throughout its geographic properties around the world. With the newly launched Yahoo! Brazil (<http://br.yahoo.com>), Yahoo! now owns and operates 19 geographic services around the world in 12 different languages.

In commerce, the company opened Yahoo! Auctions internationally in Australia & NZ (<http://auctions.yahoo.com.au>), the UK & Ireland (<http://auctions.yahoo.com/uk>), and Canada (<http://auctions.yahoo.com/ca>). Yahoo! also unveiled Yahoo! Auctions Express (<http://auctions.yahoo.com>) to enable sellers with large inventories to easily upload hundreds of items and run multiple auctions. In addition, Yahoo! Classifieds was rolled out in Yahoo! UK & Ireland and Yahoo! France.

During the quarter, Yahoo! expanded its communications services. In the United States, Yahoo! gave users the ability to talk with others anywhere in the world over the Internet using Yahoo! Messenger's voice chat feature (<http://messenger.yahoo.com>). Yahoo! also added a new conference calling feature to Yahoo! Address Book (<http://address.yahoo.com>), enabling users to create and manage U.S.-based conference calls from any Internet-connected computer. In addition, the company launched Yahoo! Messenger in Canada, the UK & Ireland, Australia & NZ, France, and Germany. Yahoo! Mail and Yahoo! Address Book were launched in Canada.

MERCHANT AND ADVERTISER SERVICES

During the quarter, Yahoo! expanded and executed upon its Fusion Marketing Online-TM- (FMO) strategy, which is designed to leverage the company's significant worldwide audience, traffic, and database to provide customized and measurable marketing solutions to its clients. Yahoo! and Procter & Gamble expanded their relationship through extensive, highly-integrated FMO marketing programs designed to connect Yahoo!'s global audience with P&G's brands in innovative ways. In addition to P&G, Yahoo!'s advertiser base increased to 2,700 clients during the quarter, including major new accounts and brands such as Autoweb.com, Bell Atlantic Mobile, Claritin, Milky Way, Musicland, Nabisco, 7-Eleven, Sprint, and Target Stores.

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ABOUT YAHOO!

Yahoo! Inc. is a global Internet media company that offers a branded network of comprehensive information, communication, and shopping services to 80 million users worldwide. As the first online navigational guide to the Web, www.yahoo.com is the leading guide in terms of traffic, advertising, household and business user reach, and is one of the most recognized brands associated with the Internet. The company's global Web network includes 19 World properties. Yahoo! has offices in Europe, the Asia Pacific, South America, Canada, and the United States, and is headquartered in Santa Clara, Calif.

This announcement contains forward-looking statements that involve risks and uncertainties, including those relating to the company's ability to grow its user and advertiser bases, its advertising and commerce revenues, and to continue to generate profits and positive cash flow from operations. 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 limited operating history, the increasingly competitive and constantly changing environment for advertising sales and for Yahoo! branded services, the early stage of the Web as an advertising and commerce medium, the company's dependence on advertising revenues and on third parties for technology, content, and distribution, and the company's ability to successfully integrate its acquired companies, especially GeoCities and the proposed acquisition of broadcast.com. 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 year ended Dec. 31, 1998, the company's Quarterly Report on Form 10-Q for the period ended March 31, 1999, and the company's Current Report on Form 8-K/A and the company's Registration Statement on Form S-4 filed June 8, 1999, including (without limitation) under the captions, "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors," "Competition," and "Proprietary Rights," which are on file with the Securities and Exchange Commission (<http://www.sec.gov>). The accompanying condensed consolidated statements of operations and balance sheets are an integral part of this announcement.

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Yahoo!, the Yahoo! logo, Fusion Marketing Online and FMO are trademarks and/or registered trademarks of Yahoo! Inc.

All other names are trademarks and/or registered trademarks of their respective owners.

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YAHOO! INC.
Condensed Consolidated Balance Sheets
(in thousands)

	June 30, 1999	DECEMBER 31, 1998
	-----	-----
	(UNAUDITED)	(AUDITED)
ASSETS		
Cash, cash equivalents, and investments in marketable debt securities	\$ 637,588	\$ 576,976
Accounts receivable, net	34,052	29,642
Property and equipment, net	34,230	24,221
Investments in marketable equity securities	133,181	18,682
Other assets	112,070	85,677
	-----	-----
Total assets	\$ 951,121	\$ 735,198
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable	\$ 8,501	\$ 8,953
Accrued expenses and other liabilities	62,303	50,963
Deferred revenue	63,932	38,661
	-----	-----
Total liabilities	134,736	98,577
	-----	-----
Minority interests in consolidated subsidiaries	2,412	1,248
	-----	-----
Stockholders' equity:		
Common Stock	791,024	670,596
Accumulated deficit	(55,216)	(45,797)
Accumulated other comprehensive income	78,165	10,574
	-----	-----
Total stockholders' equity	813,973	635,373
	-----	-----
	\$ 951,121	\$ 735,198
	-----	-----

Note: The results for all periods presented have been restated to reflect the acquisitions of GeoCities, Encompass, and Online Anywhere which were completed during the quarter ended June 30, 1999 and accounted for as poolings of interests.

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
Net revenues	\$ 115,239	\$ 44,948	\$ 209,505	\$ 77,811
Cost of revenues	15,766	7,774	28,679	13,664
Amortization of purchased technology	2,708	417	4,674	417
Total cost of revenues	18,474	8,191	33,353	14,081
Gross profit	96,765	36,757	176,152	63,730
Operating expenses:				
Sales and marketing	42,655	23,948	80,887	43,023
Product development	12,883	6,437	25,317	12,159
General and administrative	6,892	4,538	13,694	7,989
Amortization of intangibles	3,459	290	6,662	290
Other - non-recurring costs (1)	56,125	15,000	65,900	15,000
Total operating expenses	122,014	50,213	192,460	78,461
Loss from operations	(25,249)	(13,456)	(16,308)	(14,731)
Investment income, net	8,011	2,156	15,546	3,837
Minority interests in operations of consolidated subsidiaries	(839)	112	(1,164)	355
Loss before income taxes	(18,077)	(11,188)	(1,926)	(10,539)
Provision (benefit) for income taxes (2)	(3,015)	3,060	7,493	4,131
Net loss	\$ (15,062)	\$ (14,248)	\$ (9,419)	\$ (14,670)
Net loss per share - diluted	\$ (0.07)	\$ (0.08)	\$ (0.04)	\$ (0.08)
Shares used in per share calculation - diluted	227,461	181,352	225,753	178,138

(1) Non-recurring costs consist of the following:

- During the quarter ended June 30, 1999, \$53,500,000 was incurred in connection with the acquisition of GeoCities, \$1,525,000 was incurred in connection with the relocation of GeoCities employees, and an aggregate of \$1,100,000 was incurred in connection with the acquisitions of Encompass and Online Anywhere.
- During the quarter ended March 31, 1999, \$9,775,000 of in-process research and development was incurred in connection with the acquisition of a development stage Internet software company.
- During the quarter ended June 30, 1998, \$15,000,000 of in-process research and development was incurred in connection with the acquisition of Viaweb Inc.

- (2) During the quarter ended June 30, 1999, the benefit for income taxes includes the effect of nondeductible acquisition-related costs and the effect of a change in the income tax regulations which resulted in a benefit in the current period for certain acquired net operating losses.

Note: The results for all periods presented have been restated to reflect the acquisitions of GeoCities, Encompass, and Online Anywhere which were completed during the quarter ended June 30, 1999 and accounted for as poolings of interests.

YAHOO! INC.
 Unaudited Pro Forma Condensed Consolidated Statements of Operations
 (in thousands, except per share amounts)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
Net revenues	\$ 115,239	\$ 44,948	\$ 209,505	\$ 77,811
Cost of revenues	15,766	7,774	28,679	13,664
Gross profit	99,473	37,174	180,826	64,147
Operating expenses:				
Sales and marketing	42,655	23,948	80,887	43,023
Product development	12,883	6,437	25,317	12,159
General and administrative	6,892	4,538	13,694	7,989
Total operating expenses	62,430	34,923	119,898	63,171
Income from operations	37,043	2,251	60,928	976
Investment income, net	8,011	2,156	15,546	3,837
Minority interests in operations of consolidated subsidiaries	(839)	112	(1,164)	355
Income before income taxes	44,215	4,519	75,310	5,168
Provision for income taxes	15,917	3,060	27,112	4,131
Pro forma net income	\$ 28,298	\$ 1,459	\$ 48,198	\$ 1,037
Pro forma net income per share - diluted	\$ 0.11	\$ 0.01	\$ 0.18	\$ 0.00
Shares used in per share pro forma calculation - diluted	263,844	224,792	264,352	221,268

Note: The above unaudited pro forma condensed consolidated statements of operations exclude the effects of the following:

- Nonrecurring acquisition-related charges incurred during the quarter ended June 30, 1999: \$53,500,000 in connection with the acquisition of GeoCities, \$1,525,000 in connection with the relocation of GeoCities employees, and an aggregate of \$1,100,000 in connection with the acquisitions of Encompass and Online Anywhere.
- During the quarter ended March 31, 1999, \$9,775,000 of in-process research and development was incurred in connection with the acquisition of a development stage Internet software company.
- During the quarter ended June 30, 1998, \$15,000,000 of in-process research and development was incurred in connection with the acquisition of Viaweb Inc.
- Amortization of purchased technology and goodwill.

The above also assumes a 36% effective tax rate for the pro forma presentation of the three and six month periods ended June 30, 1999.

Note: The results for all periods presented have been restated to reflect the acquisitions of GeoCities, Encompass, and Online Anywhere which were completed during the quarter ended June 30, 1999 and accounted for as

poolings of interests.