

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 9, 2003

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 July 9, 2003 by Yahoo! Inc.

Item 12. Results of Operations and Financial Condition

This Report on Form 8-K is being filed under the Securities Exchange Act of 1934, as amended.

On July 9, 2003, Yahoo! Inc., a Delaware corporation ("Yahoo!"), announced its financial results for the fiscal quarter ended June 30, 2003 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 filed 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, 2002 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, which are 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 fiscal quarter ended June 30, 2003 to be filed with the Securities and Exchange Commission in the third quarter of 2003.

The press release, also discloses certain financial measures, such as operating income before depreciation and amortization, segment operating income before depreciation and amortization and free cash flow, that may be considered non-GAAP financial measures in certain circumstances. 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. The Company believes that certain non-GAAP measures, including operating income before depreciation and amortization and free cash flow are helpful, when presented in conjunction with the comparable GAAP measures. Operating income before depreciation and amortization eliminates the effects of depreciation and amortization 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 business operations. Free cash flow is considered a liquidity measure and provides useful information to management and investors about the amount of cash generated after the acquisition of property and equipment, non-cash investment gains (losses), change in long-term deferred revenue and other, which can then be used for strategic opportunities including, among others, to invest in the business, make strategic acquisitions, strengthen the balance sheet and repurchase stock. In addition, management refers to these financial measures to facilitate internal comparisons to the Company's historical operating results, in making operating decisions and for budget planning purposes. These measures should be considered in addition to, not as a substitute for, or superior to, operating income, cash flows, 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 now required under new 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: July 9, 2003

By: /s/ Susan Decker

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

YAHOO! INC.

INDEX TO EXHIBITS

Exhibit Number

Description

99.1

Press Release dated July 9, 2003.

Yahoo! Reports Second Quarter 2003 Financial Results; Company Posts Second Quarter Operating Income of \$63 Million, Operating Income Before Depreciation and Amortization of \$97 Million

SUNNYVALE, Calif.--(BUSINESS WIRE)--July 9, 2003--Yahoo! Inc. (Nasdaq: YHOO) today reported results for the second quarter ended June 30, 2003. Net revenues for the second quarter totaled \$321.4 million, a 42 percent increase over the \$225.8 million reported for the same period in 2002. Operating income for the second quarter of 2003 was \$62.8 million, compared to \$7.5 million for the same period of 2002. Operating income before depreciation and amortization for the second quarter of 2003 was \$97.3 million, compared to \$35.0 million for same period of 2002. Cash flow from operating activities for the second quarter of 2003 was \$92.1 million, compared to \$103.4 million for same period of 2002. Free cash flow for the second quarter of 2003 was \$67.7 million, compared to \$64.0 million for same period of 2002.

Net revenues for the six months ended June 30, 2003 totaled \$604.4 million, a 44 percent increase over the \$418.5 million reported for the same period in 2002. Operating income for the six months ended June 30, 2003 was \$117.7 million, compared to \$3.3 million for same period of 2002. Operating income before depreciation and amortization for the six months ended June 30, 2003 was \$181.3 million, compared to \$53.8 million for same period of 2002. Cash flow from operating activities for the six months ended June 30, 2003 was \$190.8 million, compared to \$150.8 million for same period of 2002. Free cash flow for the six months ended June 30, 2003 was \$142.8 million, compared to \$102.3 million for same period of 2002.

"We're very excited about the results we have seen in the second quarter, the largest revenue producing quarter in our history. Each piece of our engine is working smoothly with the others, and the numbers show that over the last eighteen months, our performance has been stronger and better," said Terry Semel, chairman and chief executive officer, Yahoo!. "Some of the key drivers of success this quarter include more balanced growth in marketing services, from both traditional advertising and sponsored search, as well as ongoing success in converting consumers and small businesses to fee-based services. We are optimistic about the future and we remain steadfastly focused on execution against our priorities."

Business Outlook

"This quarter's results demonstrate continued balanced growth across all of our revenue contributors and strong trends in our key financial metric of overall free cash flow generation. As we exit our fifth consecutive quarter of GAAP profitability, we continue to execute upon the key business and financial objectives we have laid out as a company, resulting from a steadily increased base of hundreds of blue-chip traditional marketers, thousands of small- and medium-sized businesses, and millions of worldwide consumers. We are also upwardly revising our business outlook for revenues and operating income before depreciation and amortization for the full year 2003, and we are pleased that our own visibility in our financial prospects has increased," said Susan Decker, chief financial officer, Yahoo!. Please refer to the "Notes to Unaudited Condensed Consolidated Statements of Operations" attached to this press release for our business outlook.

Second Quarter 2003 Financial Highlights

Revenues: In the second quarter of 2003, Yahoo! reported net revenues of \$321.4 million, a 42 percent increase from the same period in 2002. For the six months ended June 30, 2003, net revenues were \$604.4 million, a 44 percent increase from the \$418.5 million reported in the same period in 2002.

Marketing services revenues for the second quarter of 2003 totaled \$219.2 million, a 44 percent increase from the same period in 2002. Marketing services revenues for the six months ended June 30, 2003 totaled \$409.2 million, a 41 percent increase from the same period in 2002. These increases resulted from a combination of a strong increase in revenues from Yahoo!'s sponsored search services, as well as growth in the balance of Yahoo!'s global marketing services revenues.

Fees revenues for the second quarter of 2003 totaled \$69.9 million, a 43 percent increase compared to the same period in 2002. Fees revenues for the six months ended June 30, 2003 totaled \$133.7 million, a 51 percent increase compared to the same period in 2002. These increases were primarily driven by the growth in paying relationships for Yahoo!'s premium services, including the SBC Yahoo! DSL and Dial products, Yahoo! Personals, and our small business and communications suites of premium services, partially offset by a

decrease in our event webcasting business.

Listings revenues for the second quarter of 2003 totaled \$32.3 million, a 29 percent increase compared to the same period in 2002. Listings revenues for the six months ended June 30, 2003 totaled \$61.5 million, a 52 percent increase compared to the same period in 2002. These increases were driven primarily by the incremental contribution of revenue from HotJobs, which was acquired in February 2002, as well as increases in our search and marketplace services revenues.

Operating income and Operating income before depreciation and amortization: Operating income for the second quarter of 2003 totaled \$62.8 million, compared to \$7.5 million in the same period of 2002. Operating income before depreciation and amortization for the second quarter of 2003 totaled \$97.3 million, a 178 percent increase compared to the \$35.0 million reported in the same period of 2002. Operating income margin was 20 percent of net revenues in the second quarter of 2003 compared to 3 percent of net revenues for the same period of 2002. Operating income before depreciation and amortization margin doubled to 30 percent of net revenues in the second quarter of 2003 compared to 15 percent of net revenues in the same period of 2002. The substantial increase in Operating income and operating income before depreciation and amortization reflects strong growth in net revenues and only an 18 percent increase in costs on a year over year basis as a result of our ongoing cost discipline.

Operating income for the six months ended June 30, 2003 totaled \$117.7 million, compared to \$3.3 million in the same period of 2002. Operating income before depreciation and amortization for the six months ended June 30, 2003 totaled \$181.3 million, a 237 percent increase compared to the \$53.8 million reported in the same period of 2002. Operating income margin was 19 percent of net revenues for the six months ended June 30, 2003 compared to 1 percent of net revenues for the same period of 2002. Operating income before depreciation and amortization margin increased to 30 percent of net revenues for the six months ended June 30, 2003 compared to 13 percent of net revenues in the same period of 2002.

Cash flow from operating activities and Free cash flow: Cash flow from operating activities for the second quarter of 2003 totaled \$92.1 million, compared to \$103.4 million for the same period of 2002. Free cash flow for the second quarter of 2003 totaled \$67.7 million, a 6 percent increase compared to the \$64.0 million reported for the same period of 2002.

Cash flow from operating activities for the six months ended June 30, 2003 totaled \$190.8 million, compared to \$150.8 million for the same period of 2002. Free cash flow for the six months ended June 30, 2003 totaled \$142.8 million, a 40 percent increase compared to the \$102.3 million reported for the same period of 2002.

Net Income (Loss): Net income for the second quarter of 2003 was \$50.8 million or \$0.08 per diluted share, compared with \$21.4 million or \$0.03 per diluted share for the same period of 2002.

Net income for the six months ended June 30, 2003 was \$97.5 million or \$0.16 per diluted share, compared with income before the cumulative effect of accounting change of \$31.9 million or \$0.05 per diluted share for the same period of 2002. Net loss was \$32.3 million or \$0.05 per diluted share for the six months ended June 30, 2002, including the charge of \$64.1 million for the cumulative effect of the accounting change for the implementation of Statement of Financial Accounting Standard No. 142 ("SFAS 142"). SFAS 142, which the Company adopted January 1, 2002, requires companies to assess the goodwill recorded from previous acquisitions, and as necessary, record an impairment charge that does not affect cash or the Company's operations.

Quarterly Conference Call

Yahoo! will host a conference call to discuss second 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 for 48 hours following the conference call by calling 877-213-9653 or 630-652-3041, reservation number: 7404923.

About Yahoo!

Yahoo! Inc. 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. Headquartered in Sunnyvale, Calif., Yahoo!'s global network includes 25 World properties and is available in 13 languages.

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 advertising spending; 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 July 9, 2003, and 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, 2002 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, including (without limitation) under the captions, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are on file with the Securities and Exchange Commission (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 Quarterly Report on Form 10-Q for the three month period ended June 30, 2003, which will be filed with the SEC in the third quarter of 2003.

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 June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net revenues	\$ 321,406	\$ 225,792	\$ 604,354	\$ 418,457
Costs and expenses:				
Cost of revenues	46,842	41,708	89,974	79,529
Sales and marketing	122,218	110,015	235,906	206,161
Product development	45,687	35,162	82,371	67,944
General and administrative	34,125	25,437	62,845	52,106
Amortization of intangibles	9,762	5,952	15,509	9,374
Total costs and expenses	258,634	218,274	486,605	415,114
Income from operations	62,772	7,518	117,749	3,343
Other income, net (1)	20,335	29,228	42,594	51,897
Minority interests in operations of consolidated subsidiaries	(1,126)	139	(3,034)	351
Income before income taxes and cumulative effect of accounting change	81,981	36,885	157,309	55,591
Provision for income taxes	31,153	15,491	59,778	23,722
Income before cumulative effect of accounting change	50,828	21,394	97,531	31,869
Cumulative effect of accounting change	-	-	-	(64,120)
Net income (loss)	\$ 50,828	\$ 21,394	\$ 97,531	\$ (32,251)

Net income (loss) per share - diluted:								
Income before cumulative effect of accounting change	\$	0.08	\$	0.03	\$	0.16	\$	0.05
Cumulative effect of accounting change		-		-		-		(0.10)

Net income (loss) per share - diluted	\$	0.08	\$	0.03	\$	0.16	\$	(0.05)
		=====						
Shares used in per share calculation - diluted (2)		628,577		615,542		622,183		612,781
		=====						

Supplemental Financial Data (3)

Income from operations	\$	62,772	\$	7,518	\$	117,749	\$	3,343
Operating income before depreciation and amortization	\$	97,275	\$	34,994	\$	181,325	\$	53,774
Cash flow provided by operating activities	\$	92,123	\$	103,382	\$	190,751	\$	150,825
Free cash flow	\$	67,652	\$	64,008	\$	142,764	\$	102,302

- (1) Other income, net for the three months ended June 30, 2003 includes approximately \$2.3 million of net investment losses. Other income, net for the six months ended June 30, 2003 includes approximately \$0.7 million of net losses, comprised of \$1.6 million of net investment losses, \$0.7 million of proceeds from the termination of a contract, and \$0.2 million of net gains on disposal of assets. Other income, net for the three months ended June 30, 2002 includes \$4.9 million of net investment gains. Other income, net for the six months ended June 30, 2002 includes \$3.0 million of net investment gains and \$2.5 million of proceeds from the termination of contracts.
- (2) Diluted net loss per share for the six months ended June 30, 2002 is computed excluding common share equivalents of 19,972 shares, as their effect is anti-dilutive.
- (3) The Company believes that certain non-GAAP measures, including operating income before depreciation and amortization and free cash flow are helpful, when presented in conjunction with the comparable GAAP measures. Operating income before depreciation and amortization is defined as income (loss) from operations before depreciation and amortization. Operating income before depreciation and amortization eliminates the effects of depreciation and amortization 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 business operations. Free cash flow is defined as cash flow from operating activities less capital expenditures, change in long-term deferred revenue and non-cash investment gains (losses) and other. Change in long-term deferred revenue represents cash payments received in advance of revenue recognized related to the Company's agreement with its sponsored search provider, which is expected to be recognized as marketing services revenue in 2005. Non-cash investment gains (losses) and other represents non-cash gains (losses) and impairment of investments. Free cash flow is considered a liquidity measure and provides useful information to management and investors about the amount of cash generated after the acquisition of property and equipment, non-cash investment gains (losses), change in long-term deferred revenue and other, which can then be used for strategic opportunities including, among others, to invest in the business, make strategic acquisitions, strengthen the balance sheet and repurchase stock. In addition, management refers to these financial measures to facilitate internal comparisons to the Company's historical operating results, in making operating decisions and for budget planning purposes. These measures should be considered in addition to, not as a substitute for, or superior to, operating income, cash flows from operating activities, or other measures of

financial performance prepared in accordance with generally accepted accounting principles.

Yahoo! Inc.

Notes to Unaudited Condensed Consolidated Statements of Operations
(in thousands, except per share amounts and percentages)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net revenues for groups of similar services:				
Marketing services	\$ 219,198	\$ 151,710	\$ 409,163	\$ 289,385
Fees	69,926	49,063	133,655	88,609
Listings	32,282	25,019	61,536	40,463
Total net revenues	\$ 321,406	\$ 225,792	\$ 604,354	\$ 418,457
Net revenues by segment:				
United States	\$ 271,345	\$ 187,465	\$ 509,891	\$ 354,077
International	50,061	38,327	94,463	64,380
Total net revenues	\$ 321,406	\$ 225,792	\$ 604,354	\$ 418,457
Operating income before depreciation and amortization reconciliation:				
Income from operations	\$ 62,772	\$ 7,518	\$ 117,749	\$ 3,343
Depreciation and amortization	34,503	27,476	63,576	50,431
Operating income before depreciation and amortization	\$ 97,275	\$ 34,994	\$ 181,325	\$ 53,774
Margin percentage:				
Income from operations margin percentage	20%	3%	19%	1%
Operating income before depreciation and amortization margin percentage	30%	15%	30%	13%
Operating income (loss) before depreciation and amortization by segment:				
Operating income before depreciation and amortization - United States	\$ 90,555	\$ 38,554	\$ 167,503	\$ 65,383
Operating income (loss) before depreciation and amortization - International	6,720	(3,560)	13,822	(11,609)
Operating income before depreciation and amortization	\$ 97,275	\$ 34,994	\$ 181,325	\$ 53,774
Operating income (loss) before depreciation and amortization by segment reconciliation:				
United States				
Income from operations	\$ 60,472	\$ 13,874	\$ 111,472	\$ 20,603
Depreciation and amortization	30,083	24,680	56,031	44,780
Operating income before depreciation and amortization - United States	\$ 90,555	\$ 38,554	\$ 167,503	\$ 65,383
International				
Income (loss) from operations	\$ 2,300	\$ (6,356)	\$ 6,277	\$ (17,260)

Depreciation and amortization	4,420	2,796	7,545	5,651

Operating income (loss) before depreciation and amortization				
- International	\$ 6,720	\$ (3,560)	\$ 13,822	\$ (11,609)
=====				
Free cash flow reconciliation:				
Cash flow from operating activities	\$ 92,123	\$ 103,382	\$ 190,751	\$ 150,825
Acquisition of property and equipment, net	(20,770)	(14,301)	(41,273)	(21,588)
Change in long-term deferred revenue	-	(30,000)	-	(30,000)
Non-cash investment gains (losses) and other	(3,701)	4,927	(6,714)	3,065

Free cash flow	\$ 67,652	\$ 64,008	\$ 142,764	\$ 102,302
=====				

Yahoo! Inc.

Notes to Unaudited Condensed Consolidated Statements of Operations

Business Outlook

The following business outlook is based on current information and expectations as of July 9, 2003. 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 September 30, 2003	Twelve months ending December 31, 2003

Revenue outlook (in millions):	\$318-\$338	\$1,260-\$1,310
Operating income before depreciation and amortization outlook reconciliation (in millions):		
Income from operations	\$60-\$67	\$240-\$260
Depreciation and amortization	\$34-\$37	\$135-\$140

Operating income before depreciation and amortization	\$94-\$104	\$375-\$400
=====		

Yahoo! Inc.

Unaudited Consolidated Summary Balance Sheet Data
(in thousands)

	June 30, 2003	December 31, 2002

ASSETS		
Cash and cash equivalents	\$ 1,075,582	\$ 310,972
Investments in marketable debt securities	1,238,382	1,223,066
Accounts receivable, net	142,372	113,612
Property and equipment, net	371,794	371,272
Goodwill	636,434	415,225
Intangible assets, net	130,939	96,252
Other assets	326,018	259,782

Total assets	\$ 3,921,521	\$ 2,790,181
=====		

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued expenses	\$ 321,726	\$ 276,313
Deferred revenue	155,997	135,501
Long term debt	750,000	-
Long term liabilities	102,374	84,540
	-----	-----
Total liabilities	1,330,097	496,354
	-----	-----
Minority interests in consolidated subsidiaries	34,591	31,557
Stockholders' equity	2,556,833	2,262,270
	-----	-----
Total liabilities and stockholders' equity	\$ 3,921,521	\$ 2,790,181
	=====	=====

Yahoo! Inc.
Unaudited Consolidated Summary Cash Flow Data
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002

CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$ 50,828	\$ 21,394	\$ 97,531	\$ (32,251)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	34,503	27,476	63,576	50,431
Tax benefits from stock options	28,588	13,952	49,645	20,756
Cumulative effect of accounting change	-	-	-	64,120
Earnings in equity interests	(10,001)	(5,500)	(19,730)	(9,800)
Minority interests in operations of consolidated subsidiaries	1,126	(139)	3,034	(351)
Noncash (gains) losses and impairments of investments	2,867	(4,955)	5,968	(3,101)
Other noncash charges	2,559	1,147	3,045	6,776
Changes in assets and liabilities, net of effects of acquisitions:				
Accounts receivable, net	(8,182)	3,510	(23,529)	(3,526)
Prepaid expenses and other assets	(9,180)	(2,796)	(3,965)	23,874
Accounts payable	(3,008)	1,449	(405)	(67)
Accrued expenses and other liabilities	(5,193)	7,227	(933)	(10,613)
Deferred revenue	7,216	10,617	16,514	14,577
Long-term deferred revenue	-	30,000	-	30,000
	-----	-----	-----	-----
Net cash provided by operating activities	92,123	103,382	190,751	150,825
	-----	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of property and equipment, net	(20,770)	(14,301)	(41,273)	(21,588)
Purchases of marketable securities	(528,738)	(286,298)	(666,178)	(543,037)
Proceeds from sales and maturities of marketable securities	219,981	181,822	650,499	495,745
Acquisitions, net of cash acquired	-	-	(228,318)	(189,168)
Proceeds from sales				

(purchases) of other investments	(7,555)	-	(6,274)	687
Net cash used in investing activities	(337,082)	(118,777)	(291,544)	(257,361)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of debt	733,125	-	733,125	-
Proceeds from issuance of Capital Stock, net	105,044	20,005	128,611	35,699
Net cash provided by financing activities	838,169	20,005	861,736	35,699
Effect of exchange rate changes on cash and cash equivalents	3,929	4,733	3,667	1,796
Net change in cash and cash equivalents	597,139	9,343	764,610	(69,041)
Cash and cash equivalents, beginning of period	478,443	294,248	310,972	372,632
Cash and cash equivalents, end of period	\$1,075,582	\$ 303,591	\$1,075,582	\$ 303,591
Supplemental noncash financing activity: Long-term deferred financing costs	\$ 17,550	\$ -	\$ 17,550	\$ -

Yahoo! Inc.

Unaudited Supplemental Financial Information and Business Metrics
(in thousands, except per share amounts and percentages)

	Q2	Q1	Q4
	2003	2003	2002
NET REVENUES:			
Net revenues for groups of similar services:			
Marketing services	\$ 219,198	\$ 189,965	\$ 196,422
Fees	69,926	63,729	62,001
Listings	32,282	29,254	27,364
Total net revenues	\$ 321,406	\$ 282,948	\$ 285,787
Net revenues for groups of similar services (Trailing Twelve Months):			
Marketing services	\$ 771,346	\$ 703,858	\$ 651,568
Fees	252,987	232,124	207,941
Listings	114,631	107,368	93,558
Total net revenues	\$ 1,138,964	\$ 1,043,350	\$ 953,067
Net revenues by segment:			
United States	\$ 271,345	\$ 238,546	\$ 242,386
International	50,061	44,402	43,401
Total net revenues	\$ 321,406	\$ 282,948	\$ 285,787
Net revenues by segment (Trailing Twelve Months):			
United States	\$ 962,412	\$ 878,532	\$ 806,598
International	176,552	164,818	146,469
Total net revenues	\$ 1,138,964	\$ 1,043,350	\$ 953,067

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION:

Operating income before depreciation and amortization:

Income (loss)			
from operations	\$ 62,772	\$ 54,977	\$ 55,368
Depreciation and amortization	34,503	29,073	29,207
	-----	-----	-----
Operating income before depreciation and amortization	\$ 97,275	\$ 84,050	\$ 84,575
	=====	=====	=====

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

Income (loss)			
from operations	\$ 202,594	\$ 147,340	\$ 88,188
Depreciation and amortization	122,534	115,507	109,389
	-----	-----	-----
Operating income (loss) before depreciation and amortization	\$ 325,128	\$ 262,847	\$ 197,577
	=====	=====	=====

Margin percentage:

Income (loss) from operations margin percentage	20%	19%	19%
Operating income before depreciation and amortization margin percentage	30%	30%	30%

Margin percentage (Trailing Twelve Months):

Income (loss) from operations margin percentage	18%	14%	9%
Operating income (loss) before depreciation and amortization margin percentage	29%	25%	21%

Operating income (loss) before depreciation and amortization by segment:

Operating income before depreciation and amortization - United States	\$ 90,555	\$ 76,948	\$ 81,315
Operating income (loss) before depreciation and amortization - International	6,720	7,102	3,260
	-----	-----	-----
Operating income before depreciation and amortization	\$ 97,275	\$ 84,050	\$ 84,575
	=====	=====	=====

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

Operating income before depreciation and amortization - United States	\$ 306,439	\$ 254,438	\$ 204,319
Operating income (loss) before depreciation and amortization - International	18,689	8,409	(6,742)

Operating income (loss) before depreciation and amortization	\$ 325,128	\$ 262,847	\$ 197,577
	=====	=====	=====

Operating income (loss) before depreciation and amortization by segment reconciliation:

United States Income from operations	\$ 60,472	\$ 51,000	\$ 55,021
Depreciation and amortization	30,083	25,948	26,294
	-----	-----	-----

Operating income before depreciation and amortization - United States	\$ 90,555	\$ 76,948	\$ 81,315
	=====	=====	=====

International Income (loss) from operations	\$ 2,300	\$ 3,977	\$ 347
Depreciation and amortization	4,420	3,125	2,913
	-----	-----	-----

Operating income (loss) before depreciation and amortization - International	\$ 6,720	\$ 7,102	\$ 3,260
	=====	=====	=====

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

United States Income (loss) from operations	\$ 197,244	\$ 150,646	\$ 106,375
Depreciation and amortization	109,195	103,792	97,944
	-----	-----	-----

Operating income before depreciation and amortization - United States	\$ 306,439	\$ 254,438	\$ 204,319
	=====	=====	=====

International Income (loss) from operations	\$ 5,350	\$ (3,306)	\$ (18,187)
Depreciation and amortization	13,339	11,715	11,445
	-----	-----	-----

Operating income (loss) before depreciation and amortization - International	\$ 18,689	\$ 8,409	\$ (6,742)
	=====	=====	=====

FREE CASH FLOW:

Free cash flow reconciliation:

Cash flow from operating activities	\$ 92,123	\$ 98,628	\$ 79,358
Acquisition of property and equipment, net	(20,770)	(20,503)	(16,672)
Change in long- term deferred revenue	-	-	-
Non-cash investment gains (losses) and other	(3,701)	(3,013)	(1,285)
	-----	-----	-----
Free cash flow	\$ 67,652	\$ 75,112	\$ 61,401

	Q3 2002	Q2 2002	Q1 2002
Free cash flow reconciliation (Trailing Twelve Months):			
Cash flow from operating activities	\$ 342,374	\$ 353,633	\$ 302,448
Acquisition of property and equipment, net	(71,238)	(64,769)	(51,553)
Change in long-term deferred revenue	-	(30,000)	(30,000)
Non-cash investment gains (losses) and other	(9,669)	(1,041)	110
Non-cash restructuring charges	-	-	-
Free cash flow	\$ 261,467	\$ 257,823	\$ 221,005

	Q3 2002	Q2 2002	Q1 2002
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NET REVENUES:

Net revenues for groups of similar services:

Marketing services	\$ 165,761	\$ 151,710	\$ 137,675
Fees	57,331	49,063	39,546
Listings	25,731	25,019	15,444
Total net revenues	\$ 248,823	\$ 225,792	\$ 192,665

Net revenues for groups of similar services (Trailing Twelve Months):

Marketing services	\$ 603,358	\$ 566,728	\$ 561,673
Fees	178,426	150,865	130,138
Listings	74,407	55,906	38,061
Total net revenues	\$ 856,191	\$ 773,499	\$ 729,872

Net revenues by segment:

United States	\$ 210,135	\$ 187,465	\$ 166,612
International	38,688	38,327	26,053
Total net revenues	\$ 248,823	\$ 225,792	\$ 192,665

Net revenues by segment (Trailing Twelve Months):

United States	\$ 723,094	\$ 652,324	\$ 613,970
International	133,097	121,175	115,902
Total net revenues	\$ 856,191	\$ 773,499	\$ 729,872

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION:

Operating income before depreciation and amortization:

Income (loss) from operations	\$ 29,477	\$ 7,518	\$ (4,175)
Depreciation and amortization	29,751	27,476	22,955
Operating income before depreciation and amortization	\$ 59,228	\$ 34,994	\$ 18,780

Operating income (loss) before depreciation and amortization (Trailing Twelve Months):			
Income (loss)			
from operations	\$ 7,514	\$ (48,325)	\$ (129,677)
Depreciation and amortization	116,223	118,553	123,319
	-----	-----	-----
Operating income (loss) before depreciation and amortization	\$ 123,737	\$ 70,228	\$ (6,358)
	=====	=====	=====

Margin percentage:			
Income (loss) from operations margin percentage	12%	3%	(2%)
Operating income before depreciation and amortization margin percentage	24%	15%	10%

Margin percentage (Trailing Twelve Months):			
Income (loss) from operations margin percentage	1%	(6%)	(18%)
Operating income (loss) before depreciation and amortization margin percentage	14%	9%	(1%)

Operating income (loss) before depreciation and amortization by segment:			
Operating income before depreciation and amortization - United States	\$ 57,621	\$ 38,554	\$ 26,829
Operating income (loss) before depreciation and amortization - International	1,607	(3,560)	(8,049)
	-----	-----	-----
Operating income before depreciation and amortization	\$ 59,228	\$ 34,994	\$ 18,780
	=====	=====	=====

Operating income (loss) before depreciation and amortization by segment (Trailing Twelve Months):			
Operating income before depreciation and amortization - United States	\$ 140,036	\$ 97,631	\$ 29,551
Operating income (loss) before depreciation and amortization - International	(16,299)	(27,403)	(35,909)
	-----	-----	-----
Operating income (loss) before depreciation and amortization	\$ 123,737	\$ 70,228	\$ (6,358)
	=====	=====	=====

Operating income (loss) before depreciation and amortization by segment reconciliation:			
United States			
Income from operations	\$ 30,751	\$ 13,874	\$ 6,729
Depreciation and			

amortization	26,870	24,680	20,100
Operating income before depreciation and amortization			
- United States	\$ 57,621	\$ 38,554	\$ 26,829
	=====	=====	=====

International Income (loss) from operations	\$ (1,274)	\$ (6,356)	\$ (10,904)
Depreciation and amortization	2,881	2,796	2,855
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Operating income (loss) before depreciation and amortization			
- International	\$ 1,607	\$ (3,560)	\$ (8,049)
	=====	=====	=====

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

United States Income (loss) from operations	\$ 35,540	\$ (7,949)	\$ (80,217)
Depreciation and amortization	104,496	105,580	109,768
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Operating income before depreciation and amortization			
- United States	\$ 140,036	\$ 97,631	\$ 29,551
	=====	=====	=====

International Income (loss) from operations	\$ (28,026)	\$ (40,376)	\$ (49,460)
Depreciation and amortization	11,727	12,973	13,551
	-----	-----	-----

Operating income (loss) before depreciation and amortization			
- International	\$ (16,299)	\$ (27,403)	\$ (35,909)
	=====	=====	=====

FREE CASH FLOW:

Free cash flow reconciliation:

Cash flow from operating activities	\$ 72,265	\$ 103,382	\$ 47,443
Acquisition of property and equipment, net	(13,293)	(14,301)	(7,287)
Change in long-term deferred revenue	-	(30,000)	-
Non-cash investment gains (losses) and other	(1,670)	4,927	(1,862)
	-----	-----	-----
Free cash flow	\$ 57,302	\$ 64,008	\$ 38,294
	=====	=====	=====

Free cash flow reconciliation (Trailing Twelve Months):

Cash flow from operating activities	\$ 236,073	\$ 192,226	\$ 83,240
Acquisition of property and equipment, net	(49,223)	(52,743)	(52,043)
Change in long-term deferred revenue	(30,000)	(30,000)	-
Non-cash			

investment gains (losses) and other	(545)	(16,796)	(18,648)
Non-cash restructuring charges	(3,132)	(3,132)	(14,791)
Free cash flow	\$ 153,173	\$ 89,555	\$ (2,242)
	=====	=====	=====

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