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January 30, 2008

Stock Rating
Overweight-V

Industry View
Attractive

Yahoo!

CQ4: More Patience Required

In line to better CQ4 - Yahoo! reported a solid CQ4 (+21% Y/Y revenue growth in core Owned & Operated sites, 73% of net revenue) and retained a relatively upbeat outlook for its core business – implying 14% Y/Y revenue growth in C2008E (our prior estimate, an acceleration from 12% in C2007), when adjusting for re-negotiated broadband deals and the sale of Overture Japan. Yahoo! also indicated, in effect, it needed to invest a net \$100MM+ more than anticipated in opex (on a base of \$5.7B in C2008E revenue) to: 1) improve methods for buying ad inventory + improve monetization; 2) improve user experience of consumer ‘starting points’ – home page, search, mail, My!, mobile + verticals like sports / finance / news; and 3) adapt to changes related to social networking / widgets / componentization / mobile / video. It all sounds good, but shares were down 10% in after-market trading.

New news related to non-core operations leads to reduction in C2008E estimates – The problem is credibility. While Yahoo!’s EBITDA trajectory has told a solid story in recent years, the trajectory of operating income (incl. stock-comp.) has been poor: \$1.1B in C2005; \$941MM in C2006; \$695MM in C2007 and \$605MM in C2008E. Shareholder disappointment has been significant. On its Tuesday earnings call, in addition to the opex surprise (which we support, btw), the company indicated it had: 1) renegotiated its high-margin broadband deals (with AT&T and Rogers) and its C2008E revenue would be reduced by \$150-200MM (we assume \$160MM+), which, in effect, falls to the bottom line, and 2) the change in its Overture Japan relationship would lead to a reduction in quarterly C2008E revenue of ~\$120MM. All-in, instead of 14% revenue growth in C2008E, we get 11% at the midpoint of guidance and a net ~\$250MM reduction in operating income (incl. stock comp.), or 29% lower than our latest published estimate.

(continued on next page)

Key Ratios and Statistics

Reuters: YHOO.O Bloomberg: YHOO US
Internet & Consumer Software / United States of America

Shr price, close (Jan 29, 2008)	\$20.81
Mkt cap, curr (mm)	\$30,017
52-Week Range	\$34.08-18.72

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Strong core business trends, messaging needs to improve – We like the financial trends we see in Yahoo!'s core business and from what we can glean from management comments, in spite of competition, traffic trends (thanks in part to improved programming and product focus) are sound with growth of ~20% Y/Y in CQ4. To date, the company, on a net basis, hasn't seen negative repercussions from a weakening economy. But the company's messaging and related Street 'surprises' related to AT&T, Rogers, Overture Japan and incremental opex only add frustration on frustration related to poor stock performance. Based on after-market trading, the frustration tom-toms may be getting louder.

Retain Overweight-V rating owing to a bet on: 1) improving financials or 2) catalysts for change – Considering Yahoo!'s holdings in Yahoo! Japan, Alibaba, GMarket are worth \$10B (or ~\$7 per share, assuming a 25% liquidity discount), net cash is \$1.6B (~\$1 per share), Yahoo! proper is trading at ~9x C2008E and ~8x C2009E EBITDA (as of Tuesday's closing price of \$20.81). We assume revenue and EBITDA growth accelerates in 2009E, as we believe core strategy is sound and current core business trends seem to support thesis. In markets like the one we are in now, where – for better or worse – investors have a ready / fire / aim attitude and patience can be hard to find, stocks (and companies) get too cheap to resist. Yahoo!'s ability to remain independent may be a function of its ability to deliver compelling financial results (combined with a positive outlook and improved communication) in CH1:08

CQ4: More Patience Required

Yahoo! CQ4 Highlights

What We Liked:

1. **Excluding new broadband deals / Overture Japan, revenue (ex-TAC) expected to grow in mid-to-high teens in C2008E**
2. **Acceleration in search monetization**
3. **Ad network platform gaining traction**
4. **Improved focus on organization / strategy**
5. **Evolving Broadband Relationships**

What We Didn't Like:

1. **In-line top line, better on the bottom**
2. **Weaker-than-expected guidance**
3. **C2008: a year of investment**
4. **Transition in display may increase exposure in potential recessionary environment**
5. **Financial metrics deteriorating**

What the Model Says:

1. **Lowering CQ1E and C2008E**
2. **Continued strength in core business in C2008E**
3. **Lowering C2009E but still showing acceleration**

January 30, 2008

Yahoo!

Exhibit 1

Yahoo! – CQ4:07E vs. CQ4:07A Snapshot

(US\$ in Thousands, Except per Share Data)

	Estimated vs. Actual		Comments
	12/07E	12/07A	
Net Revenue (Ex-TAC) (1)	\$1,415,445	\$1,403,129	Slightly below our estimate, below of consensus estimate of \$1,416MM
Marketing Services (Ex-TAC) (2)	1,177,143	1,161,118	+14% Y/Y, +10% Q/Q; note O&O revenue grew 21% Y/Y to 73% of net revenue
Fees (2)	238,302	242,011	+14% Y/Y, +8% Q/Q
Company Revenue Guidance (\$MM)	\$1,310-1,450		
Cost of Revenue	274,596	269,331	
Gross Profit (incl. Depreciation)	\$1,140,849	\$1,133,798	Below our estimate
Company Gross Profit Guidance (\$MM)	\$1,055-1,165		
Product Development	240,626	235,117	
Sales & Marketing	372,262	367,831	
General & Administrative	155,699	156,698	
Stock Compensation Expense	174,648	158,102	
Amortization of Intangibles	29,985	24,813	
Total Operating Expenses (incl. Stock Comp.)	\$973,220	\$942,561	
Total Operating Expenses (excl. Stock Comp.)	\$798,572	\$784,459	
Operating Income (incl. Stock Comp.)	\$167,629	\$191,237	Above our estimate on opex control
Operating Income (excl. Stock Comp.)	\$42,277	\$49,339	
EBITDA (excl. Stock Compensation)	\$17,818	\$27,062	Above our estimate
Company EBITDA Guidance (\$MM)	\$480-550		
Net Interest (Income) and Other (Income)	(65,636)	(96,964)	
Pre-Tax Profit	\$233,265	\$288,201	
Provision / (Benefit) for Income Taxes	81,643	115,818	Effective tax rate of 43% vs. our 35% estimate
Adjustment for Extraordinary Items	0	6,842	
(Benefit) for NOL Carryforwards	0	0	
Minority Interest	0	3,958	
Operating Net Income	\$151,622	\$161,583	Above our estimate
Amortization of Goodwill (3)	0	0	
Acquisition-Related Charges	0	0	
Cumulative Effect of Accounting Change	0	0	
Restructuring Charges	0	0	
Extraordinary (Gain) / Loss	0	(6,842)	Due to increased ownership dilution in Alibaba
Goodwill Amortization of Yahoo! Japan	0	0	
Amortization of Purchased Technology	0	0	
One-Time (Revenue)	0	0	
Tax Effect	0	(37,298)	Related to tax adjustments
Reported Net Income	\$151,622	\$205,723	Above our estimate in part due to tax adjustment
Wtd. Avg. Shares Out (Diluted)	1,396,070	1,394,656	Slightly below our estimate
Operating EPS (ex. Stock Comp.)	\$0.19	\$0.20	
Reported EPS	\$0.11	\$0.15	\$0.04 above our / consensus estimate
Key Metrics			
Growth Rate			
Revenue (Ex-TAC) (Y/Y)	15%	14%	Below our estimate and in-line with CQ3 of 14% after an acceleration from 11% / 9% in CQ2 / CQ1
Marketing Services (Ex-TAC) (Y/Y)	16	14	
Fees (Y/Y)	12	14	
Revenue (Ex-TAC) (Q/Q)	10	9	~1ppt below our estimate
Cost of Revenue (Y/Y)	28	25	
Cost of Revenue (Q/Q)	9	7	
Expenses (Y/Y)	38	34	
Expenses (Q/Q)	11	7	
Operating Income incl. Stock Compensation (Y/Y)	(46)	(38)	
Operating Income incl. Stock Compensation (Q/Q)	12	27	
Operating Income excl. Stock Compensation (Y/Y)	(15)	(13)	
Operating Income excl. Stock Compensation (Q/Q)	16	18	
EBITDA (Y/Y)	(4)	(2)	
EBITDA (Q/Q)	11	13	
Net Income (Y/Y)	(37)	(33)	
Net Income (Q/Q)	0	7	
Margin Analysis			
Gross Margin	81%	81%	In-line with our estimate; down ~2ppts Y/Y, up ~1ppt Q/Q
Operating Margin (incl. Stock Comp.)	12	14	
Operating Margin (excl. Stock Comp.)	24	25	
EBITDA Margin	37	38	Above our estimate; down ~6ppts Y/Y, up ~1ppt Q/Q
Pre-Tax Margin	16	21	
Operating Net Margin	11	12	
Expense Analysis (as % of Revenue)			
Product Development	17%	17%	
Sales & Marketing	26	26	
General & Administrative	11	11	
Effective Tax Rate	35	43	Above our estimate
Revenue Mix (as % of Revenue)			
Marketing Services (Ex-TAC)	83%	83%	
Fees	17	17	

Footnotes

(1) Financials include HotJobs beginning CQ1:02, Inktomi beginning CQ1:03, Overture beginning CQ4:03, and Kelkoo beginning CQ2:04.

(2) Revenue breakouts are Morgan Stanley estimates.

(3) Estimated from historical trends and balance sheet.

Source: Morgan Stanley Internet Research.

Exhibit 2

Yahoo! – CQ4:07 at a Glance

(US\$ in Millions, Except per Share Data)

	CQ4:07A	CQ4:07E	CQ4:06A
Revenue ex-TAC	\$1,403	\$1,415	\$1,228
Y/Y Growth	14%	15%	15%
Q/Q Growth	9	10	9
EBITDA	\$527	\$518	\$540
EBITDA Margin	38%	37%	44%
Reported EPS ⁽¹⁾	\$0.15	\$0.11	\$0.19

(1) Includes stock-based compensation expense.

E = Morgan Stanley Research Estimates.

TAC = Traffic Acquisition Costs.

Exhibit 3

Revised Morgan Stanley Estimates for Yahoo!

(US\$ in Millions, Except per Share Data)

	CQ1:08E	C2008E
Revenue (Ex-TAC)	\$1,328	\$5,686
EBITDA	435	1,886
Reported EPS ⁽¹⁾	\$0.28	\$0.56
Previous Revenue (Ex-TAC)	\$1,360	\$5,851
EBITDA	528	2,244
Previous Reported EPS ⁽¹⁾	\$0.13	\$0.55

(1) Includes stock-based compensation expense; Excluding extraordinary items, CQ1:08E / C2008E reported EPS would be ~\$0.07 / ~\$0.34

Source: Morgan Stanley Research estimates. TAC = Traffic Acquisition Costs.

CQ4:07 HIGHLIGHTS

What We Liked:

- Excluding new broadband deals / Overture Japan, revenue (ex-TAC) expected to grow in mid-to-high teens in C2008E** – For C2008E, Yahoo! guided to revenue (ex-TAC) of \$5,350-5,950MM (+11% Y/Y at midpoint) despite losing revenue of \$150-200MM from AT&T broadband partnership + ‘modest’ impact from sale of Overture Japan. Excluding the effects of broadband partnership renewal + Overture Japan transaction, revenue growth is expected to accelerate to mid-to-high teens in C2008E from 12% Y/Y in C2007. Underlying this growth may be strength in search (+29% in C2008E) and display advertising (+18%).
- Acceleration in search monetization** – Gains from Panama in CQ2 + CQ3 continued into CQ4, as revenue per search (RPS) for US Owned & Operated (O&O) sites grew +20% Y/Y (consistent with CQ2 + CQ3), driving US O&O search revenue growth of 30%+ Y/Y. International O&O also saw RPS accelerate into the high teens.

- Ad network platform gaining traction** – In CQ4, Yahoo! integrated the majority of the non-premium inventory into the Right Media exchange + closed / integrated the acquisition of Blue Lithium. Overall inventory sold well, with Yahoo!’s large advertisers increasing their market spend on the network. Display revenue grew ~20% Y/Y, with CPMs for non-guaranteed inventory now almost triple what they were in early C2006, while CPMs for guaranteed increased modestly – all in, the gap between these two price points has narrowed since early C2006 from 10x to <3x. Initial indicators of the success of Right Media are positive and bode well for Yahoo!’s success in C2008E. Going forward, Yahoo! will continue to focus on building a large-scale premium display ad network and improve search monetization with the goal to increase the percentage of total online advertising demand that Yahoo! “touches” to 20% of available market over the next several years from an estimated 15% in C2007E.

- Improved focus on organization / strategy** – On the call, Yahoo! management outlined their strategy to streamline operations with increased focus on core properties (Home page / Search / Mail / My Yahoo! / Mobile + anchors such as Sports / Finance / News) + deemphasizing non-core properties (Photos / 360 / Brand Universe / Premium Music / Podcasts / Directory / Voice, etc). In addition, Yahoo! expanded the management team with the appointment of Ari Balogh as the CTO. Ari helped build a highly scalable / reliable infrastructure at VeriSign’s Registry that could handle billions of DNS queries per second. This is a positive for Yahoo! as it prepares for an increase in traffic / need for scalable systems that are likely to arise from initiatives like opening up the Yahoo! platform.

We note that Yahoo! plans a workforce realignment of ~1K employees in mid-February.

- Evolving Broadband Relationships** – In a strategic shift, Yahoo! has restructured its partnerships with broadband providers AT&T and Rogers from fee-based relationships to revenue-sharing agreements. Yahoo! will become a partner in search + display for their portal platforms. Yahoo! will receive an upfront payment of \$300-400MM from AT&T + \$52MM from Rogers to be recognized over the terms of their contracts. While the near-term economics of the new agreements will impact C2008E revenue, Yahoo! expects the overall economics of these agreements to be positive over time. If

successful, these partnerships can scale well + provide a catalyst for Yahoo!'s growth in the long-term.

What We Didn't Like:

1. **In-line top line, better on the bottom** – For CQ4, Yahoo! reported net revenue (ex-TAC) of \$1,403MM (+14% Y/Y; +10% Y/Y ex. acquisition / FX), below our / consensus CQ4E of \$1,415MM (+15% Y/Y) / \$1,416MM and vs. +14% / +15% Y/Y growth in CQ3 / CQ4:06. We estimate Yahoo!'s core business of Owned & Operated (O&O) sites had revenue (ex-TAC) of \$1,021MM (+21% Y/Y to 73% of net revenue, roughly in line with our estimate) while we estimate Affiliate sites revenue (ex-TAC) of \$140MM (-18% Y/Y to 10% of net revenue, vs. our estimate of -8%). Fees revenue of \$242MM (+14% Y/Y) was above our estimate of +12%.

Although EBITDA of \$527MM was above our estimate of \$518MM (yielding 38% margin vs. our CQ4E of 37%), we note that incremental EBITDA margin of -8% was a continued deterioration from -5% / 14% / 26% in CQ3 / CQ2 / CQ1. Reported EPS of \$0.15 was above our / consensus estimate of \$0.11, owing to equity investments (non-cash gain from increased ownership dilution in Alibaba) + tax adjustments.

2. **Weaker-than-expected guidance** – For C2008E, Yahoo! guided to revenue (ex-TAC) of \$5,350-5,950MM (+5-16% Y/Y), vs. our prior / consensus C2008E of \$5,851MM / \$5,874MM + EBITDA of \$1,725-1,975MM (-10% to +2%) vs. our prior C2008E of \$2,244MM.

For CQ1:08E, Yahoo! guided to revenue ex-TAC of \$1,280-1,380MM (+8-17% Y/Y) vs. our prior / consensus CQ1:08E of \$1,360MM / \$1,376MM + EBITDA of \$400-450MM (-13% to -2% Y/Y) vs. our prior CQ1:08E of \$528MM. We again note, however, that excluding the effects of broadband partnership + Overture Japan transaction, revenue growth is expected to accelerate to mid-to-high teens in C2008E (from 12% Y/Y in C2007).

3. **C2008: a year of investment** – On the call, CEO Jerry Yang stressed that Yahoo! will be “taking an aggressive investment posture prioritizing and allocating resources towards our key growth drivers” in C2008. Yahoo!'s three investment priorities will be: 1) continuing to build / differentiate its display advertising platform; 2) improving the experience of key consumer starting points (e.g. front

page, My Yahoo!!, mail, search ,and mobile); and 3) creating a platform that allows Yahoo! services to become more scalable / flexible while opening them up to third parties.

CFO Blake termed the investments Yahoo!'s “big bets,” though he noted that the company is “not able to give anyone an idea of what the exact investments are, but I think you can assume that it's hundreds of millions of dollars.” While we are encouraged to see management focused on targeted investments aimed at boosting growth, we would have liked more clarity / details on their size + scope + ROI timeframe. As such, we now expect incremental EBITDA margin of -9% / -7% in CQ3:08E / CQ4:08E.

4. **Transition in display may increase exposure in potential recessionary environment** – On the call, Sue Decker highlighted building a scalable monetization platform across display advertising + ultimately integrating with Yahoo!'s search platform as the company's “highest priority area of investment.” Jerry noted that the company expects to launch portions of this strategy in CH2:08, with the goal of accelerating overall advertising revenue growth by the end of C2008.

In CQ4, display revenue was +20% Y/Y (“broadly consistent” with CQ3 and > CH1:07), with strong ad impression growth, continued shift from guaranteed placement to non-guaranteed buys, and across-the-board Y/Y increases in US CPMs. In addition, Sue noted that Yahoo! may have gained market share in CQ3. Yet, after what Sue described was a “year of transition” in Yahoo!'s display business, the company expects aggressive investment in display as its top priority in C2008. We point out that the potential risk of recession in C2008 could affect spending in key categories, such as housing, financial, travel, and retail, where management indicated they saw some pressure in CQ4.

5. **Financial metrics deteriorating** – We point out weakness in key metrics in CQ4:
 - Incremental EBITDA margin of -8% was a continued deterioration from -5% / 14% / 26% in CQ3 / CQ2 / CQ1. Similarly, incremental operating margin (ex. stock comp.) was -31% vs. -11% / -13% / -1% in CQ3 / CQ2 / CQ1.

- Annualized revenue per average headcount of \$402 was -9% Y/Y, vs. -6% / -6% / -6% in CQ3 / CQ2 / CQ1, while annualized opex per average headcount of \$270 was +7% Y/Y, vs. +4% / +1% / -4% Y/Y in CQ3 / CQ2 / CQ1.
- Fee paying relationships of 19MM, +17% Y/Y vs. +21% / +18% / +24% in CQ3 / CQ2 / CQ1.

What the Model Says:

1. **Lowering CQ1E and C2008E** – We now expect CQ1:08E revenue (ex-TAC) / EBITDA / reported EPS of \$1,328MM (+12% Y/Y) / \$435MM (-5% Y/Y; 33% margin) / \$0.28, vs. \$1,360MM (+15% Y/Y) / \$528MM (+15% Y/Y; 39% margin) / \$0.13 previously. Our estimates include ~\$24MM cash charge owing to the anticipated workforce realignment, ~\$500MM gain in equity earnings from recognition of Yahoo!'s proportionate share of Alibaba's IPO, and the impact from restructuring broadband partnerships (BT / Rogers / AT&T), which we estimate at ~\$400MM spread out across four years (more heavily weighted in C2008E + C2009E). For C2008E, we lower revenue (ex-TAC) / EBITDA / reported EPS to \$5,686MM (+11% Y/Y) / \$1,886MM (-2% Y/Y; 33% margin) / \$0.56 from \$5,851 (+14% Y/Y) / \$2,244MM (+17% Y/Y) / \$0.55.
2. **Continued strength in core business in C2008E** – Our outlook for C2008E reflects continued strength in Yahoo!'s core business: O&O sites (ex-TAC), which we expect to grow +21% / +19% / +20% / +19% Y/Y in CQ1:08E / CQ2E / CQ3E / CQ4E, or +20% Y/Y in C2008E, an acceleration from +19% Y/Y in C2007—driven by search / display advertising growth of +29% / +18% Y/Y in C2008E (vs. +21% / +19% Y/Y in C2007E). Offset by a weak but improving Affiliate sites business (positive Y/Y growth in CQ4E), we expect Marketing Services (ex-TAC) revenue overall to accelerate at +14% / +14% / +15% / +18% Y/Y in CQ1E / CQ2E / CQ3E / CQ4E to +15% in C2008E (vs. +13% in C2007).

Exhibit 4

Yahoo! CQ1:08, C2008E Guidance

(US\$ in Millions)

	CQ1:08E	C2008E
Net Revenue (Ex-TAC)	\$1,280-1,380	\$5,350 -5,950
EBITDA	400-450	1,725-1,1975
Previous Net Revenue (Ex-TAC)	--	--
EBITDA	--	--

Source: Yahoo! TAC = Traffic Acquisition Costs. e = Morgan Stanley Research estimates

Exhibit 5

Revised Morgan Stanley Estimates for Yahoo!

(US\$ in Millions, Except per Share Data)

	CQ1:08E	C2008E
Revenue (Ex-TAC)	\$1,328	\$5,686
EBITDA	435	1,886
Reported EPS ⁽¹⁾	\$0.28	\$0.56
Previous Revenue (Ex-TAC)	\$1,360	\$5,851
EBITDA	528	2,244
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(1) Includes stock-based compensation expense; Excluding extraordinary items, CQ1:08E / C2008E reported EPS would be ~\$0.07 / ~\$0.34

Source: Morgan Stanley Research estimates. TAC = Traffic Acquisition Costs.

3. **Lowering C2009E but still showing acceleration** – For C2009E, we now estimate revenue / EBITDA / EPS of \$6,438MM (+13% Y/Y) / \$2,163MM (+15% Y/Y; 34% margin) / \$0.42 (from \$6,750MM (+15% Y/Y) / \$2,544MM (+13% Y/Y; 38% margin) / \$0.66 previously), reflecting revenue acceleration of 2ppts + EBITDA margin expansion of ~40bps. Our outlook contemplates Marketing Services (ex-TAC) growth to remain flat at +15% Y/Y, while Fees revenue rebounds from -9% Y/Y growth in C2008E to flat growth in C2009E.

Valuation

With Yahoo!, we believe there is long-term valuation upside if the company executes, specifically, based on our 10-year DCF (\$25, using a 12% discount rate and a 6% terminal growth rate) and our Discounted Price-to-Earnings valuation (\$15-23), using a 15% discount rate and a 40-45x P/E). Risks include: recession, implementation / results of strategic initiatives, intense competition, and FX.

In addition to Yahoo!'s strong cash balance, we highlight \$10.0B (\$7.10 per share as of Tuesday's close + assuming a 25% liquidity discount) in sources of incremental balance sheet value, consisting of Yahoo!'s interest in Yahoo! Japan, Alibaba in China, and GMarket in Korea.

Yahoo! Recent Highlights:

January 07, 2008 - **Yahoo! Launches Yahoo! Go 3.0, Extends Leadership and Sets New Standard for the Mobile Internet** - Yahoo! announced the launch of the all-new Yahoo! Go 3.0, Yahoo!'s flagship all-in-one mobile offering, in early beta at the Consumer Electronics Show (CES) 2008, further solidifying Yahoo!'s leadership position in delivering leading-edge mobile experiences to consumers worldwide. Thanks to the feedback from many of our Yahoo! Go 2.0 users,

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this new product is designed to deliver more of what consumers want, wherever however and whenever they want it. Yahoo! Go 3.0 takes mobile services to the next level with an upgraded and feature-rich user interface, a truly personalized start page and customizable access to consumers' favorite Internet brands and services through easy-to-use third-party widgets.

December 20, 2007 – America Movil and Yahoo! Partner to Bring Mobile Search and Compelling Mobile Services to Millions of Consumers Across 16 Countries in Latin America

America Movil, the leading wireless services provider in Latin America, and Yahoo! today announced a new strategic global partnership providing a framework for making Yahoo!'s industry leading mobile services available to millions of consumers in 16 countries throughout Latin America and the Caribbean. The agreement sets the stage for Yahoo! oneSearch to be the preferred mobile search service on America Movil's diverse wireless carriers' portals and prominent placement of links on the carrier portal to Yahoo!'s Mobile Web properties.

December 12, 2007 – CNBC and Yahoo! Enter Global Distribution Agreement

CNBC and Yahoo! Finance today announced an agreement to distribute content from CNBC, CNBC Europe, CNBC Asia, and CNBC.com to Yahoo! Finance users in the United States and worldwide. The announcement represents CNBC's first global online alliance, and Yahoo!'s first global finance video agreement. Under the terms of the agreement, CNBC will provide video clips from its global networks and articles from CNBC.com. The content will be available to Yahoo! Finance users in the U.S.

(<http://finance.yahoo.com>), and will also be available to Yahoo!'s 21 international financial news sites. The video clips will encompass commentary and analysis of the day's top business stories, pre-market opening buzz, interviews, investing and stock-picking segments from CNBC programs including "Mad Money w/Jim Cramer" and "Fast Money" and international market news and analysis from CNBC Europe and CNBC Asia

December 11, 2007 – Cars.com Delivers Comprehensive Selection of New and Used Car Listings on Yahoo! Autos

Yahoo! and Cars.com today announced the launch of a strategic partnership to deliver comprehensive new and used vehicle listings on Yahoo! Autos. With this launch, Yahoo! Autos users now have easy access to the best selection of more than 2.4 million new, used, certified pre-owned, and private-seller vehicle listings from Cars.com dealers and private-party sellers nationwide. The launch marks the first

time new car listings will be available on Yahoo! Autos to help vehicle shoppers go the extra mile in their search

November 20, 2007 – Sony BMG and Yahoo! Expand Video-on-Demand Pact

Yahoo! announced today that it has signed an agreement with Sony BMG to extend its video-on-demand license. In addition to expanding the existing relationship into additional territories around the world, the new worldwide deal adds a broad array of additional Sony BMG music videos to the Yahoo! Music catalog. As part of the agreement, Sony BMG music videos will be available for distribution across Yahoo! and off-network through a Yahoo-branded video player. The deal also enables Yahoo! users to utilize various Sony BMG audio recordings in user generated audiovisual content.

November 13, 2007 – Yahoo! Extends Global Mobile Leadership Through Nine New Partnerships With Mobile Operators in Asia Pacific

Yahoo! today announced nine new partnerships with some of the leading mobile operators across the Asia Pacific region, in its continuing effort to partner with mobile operators globally to reach hundreds of millions of consumers. Through Yahoo!'s partnerships with mobile operators, Yahoo! oneSearch, Yahoo!'s leading mobile search technology, will power the search experience for consumers on partner mobile internet sites and provide additional revenue opportunities for these partners.

November 02, 2007 - Rogers and Yahoo! Expand Strategic Relationship

Rogers Communications Inc. and Yahoo! today announced new multi-year agreements that build on the success of their industry-leading broadband alliance. The new agreements expand the scope of customer experience beyond the PC and provide Rogers Wireless customers with the latest and most innovative mobile services. Rogers and Yahoo! will continue to offer Canadian high-speed Internet access subscribers with an innovative broadband experience, a Rogers Yahoo! customized portal and browser, Yahoo! Search, as well as premium services and content from both Yahoo! and Rogers. Under the terms of the expanded mobile agreement, Rogers and Yahoo! will also bring Yahoo!'s industry leading mobile products - Yahoo! Go for Mobile 2.0 and Yahoo! oneSearch - to customers across Canada.

October 22, 2007 - More Than 200 Educational Institutions Select Zimbra in One Year

Zimbra, a Yahoo! company, the leader in open source, next-generation messaging and collaboration software, today announced that more than 200 educational institutions have chosen the Zimbra Collaboration Suite (ZCS) in the past year. Zimbra now has more than 600,000 mailboxes at academic institutions in more than 15

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countries, with many campus-wide deployments exceeding 30,000 mailboxes.

October 16, 2007 – Yahoo! and WebMD Sign Exclusive Multi-Year Search and Advertising Distribution Agreement

– Yahoo! and WebMD today announced exclusive, multi-year search and advertising distribution agreements. Under the new agreements, Yahoo! will power sponsored search across the WebMD network of consumer sites, including WebMD Health, MedicineNet, eMedicine Health and RxList. In addition, WebMD will extend its advertising reach to include WebMD users across Yahoo! properties and services. WebMD will be the only significant online health publisher to represent Yahoo!'s advertising inventory.

October 16, 2007 - Yahoo! Continues Building Network of Premium Publishers by Inking Multi-Year Agreements with Cars.com, Forbes.com and Ziff-Davis Media

– Yahoo!, today announced significant display advertising agreements with Cars.com, Forbes.com and Ziff-Davis Media. These agreements represent the continued build-out of Yahoo!'s network of premium publishers, which will benefit advertisers, publishers and users. These relationships enable marketers to reach their target audiences with high-value inventory on Yahoo! and across the Web, improving reach, frequency and relevance.

October 4, 2007 - Yahoo!, eBay and PayPal Join Forces to Protect Consumers Against E-mail Fraud and Phishing Scams

– Yahoo!, eBay and PayPal announced a collaborative effort to better protect consumers against fraudulent e-mails and other dangerous scams known as phishing attacks. Starting today, eBay and PayPal customers worldwide using Yahoo! Mail will have a safer e-mail experience and will receive fewer fake e-mails claiming to be sent by eBay and PayPal. Yahoo! Mail is the first Web mail service to block these types of malicious messages for eBay and PayPal through the use of DomainKeys e-mail authentication technology. The technology upgrade will be rolled out globally over the next several weeks to all users of Yahoo! Mail.

October 01, 2007 - New Yahoo! Search Makes Web Search Effortless for Consumers

– Yahoo! Search has introduced Search Assist, the most advanced assistance technology available on the Web, and the integration of audio, video and photos directly into the search results to help make Web search effortless for consumers. The new Yahoo! Search was designed to better understand user intent and get consumers the most relevant information, as well as provide the best user experience. It senses when a consumer needs help with their

search and opens a drop down menu of suggestions and related concepts that enables further exploration around their search topic. In addition to the new Search Assist feature, Yahoo! Search has also introduced multimedia integration including video, audio and photos directly into the search results, allowing consumers to get their answer -- whether it's a Web link, photo, video or music clip -- without leaving the page. As part of the new Yahoo! Search, consumers will also see new Yahoo! Search Shortcuts, with the most useful information found on the Web and contributed by other online users. The new shortcuts were designed to help consumers save time when searching for popular categories such as events, music, movies, travel, sports, health, shopping, businesses and restaurants. The new Yahoo! Search features are available immediately at yahoo.com in the United States, and will be made available to United Kingdom in the near future.

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January 30, 2008
Yahoo!

Exhibit 6 Yahoo! Quarterly Income Statement

(US\$ in Thousands, Except per Share Data)

	F2006A				F2007A				F2008E			
	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07	3/08	6/08	9/08	12/08
Net Revenue (Ex-TAC) (1)	1,087,698	1,122,655	1,121,467	1,227,935	1,183,076	1,243,766	1,282,601	1,403,129	1,327,787	1,375,789	1,411,853	1,570,429
Marketing Services (2)	901,497	933,046	911,519	1,015,221	979,845	1,031,878	1,058,696	1,161,118	1,114,818	1,177,727	1,217,752	1,372,447
Fees (2)	186,201	189,609	209,948	212,714	203,231	211,888	223,905	242,011	212,970	198,062	194,101	197,983
Company Revenue Guidance (\$MM)	\$1,040-1,100	\$1,080-1,160	\$1,115-1,225	\$1,145-1,265	\$1,120-1,230	\$1,200-1,300	\$1,170-1,310	\$1,310-1,450	\$1,280-1,380			
Cost of Revenue	176,901	190,986	220,576	214,715	222,856	226,501	252,740	269,331	262,065	262,926	290,916	315,578
Gross Profit (incl. Depreciation)	910,797	931,669	900,891	1,013,220	960,220	1,017,265	1,029,861	1,133,798	1,065,722	1,112,863	1,120,937	1,254,851
Company Gross Profit Guidance (\$MM)	\$843-943	\$895-965	\$925-1,015	\$957-1,037	\$900-980	\$975-1,045	\$945-1,055	\$1,055-1,165	\$1,030-1,100			
Product Development	179,860	172,573	163,819	172,088	191,200	216,635	223,079	235,117	244,313	264,151	273,899	303,093
Sales & Marketing	292,293	287,356	288,555	298,971	317,151	338,320	340,583	367,831	387,714	371,463	395,319	424,016
General & Administrative	97,933	108,427	101,912	112,108	115,734	123,397	140,482	156,698	151,368	151,337	155,304	172,747
Stock Compensation Expense	108,641	99,723	111,491	95,075	140,006	128,779	145,540	158,102	150,007	110,657	130,094	155,127
Amortization of Intangibles	30,858	34,003	32,774	27,151	27,102	25,177	29,985	24,813	25,813	26,813	27,813	28,813
Total Operating Expenses (incl. Stock Comp)	709,585	702,082	698,551	705,393	791,193	832,308	879,669	942,561	959,214	924,421	982,429	1,083,796
Total Operating Expenses (excl. Stock Comp)	600,344	602,359	587,060	610,318	651,187	703,529	734,129	784,459	809,208	813,764	852,335	928,669
Operating Income (incl. Stock Comp.)	201,212	229,587	202,340	307,827	169,027	184,957	150,192	191,237	106,508	188,442	138,508	171,055
Operating Income (excl. Stock Comp.)	309,853	329,310	313,831	402,902	309,033	313,736	295,732	349,339	256,515	299,099	268,602	326,182
EBITDA (excl. Stock Compensation)	434,932	456,858	473,738	540,389	460,035	473,629	466,309	527,062	435,238	481,322	454,325	515,405
Company EBITDA Guidance (\$MM)	\$410-440	\$415-455	\$445-505	\$475-545	\$420-480	\$440-500	\$380-450	\$480-550	\$400-450			
Net Interest (Income) and Other (Income)	(61,873)	(57,724)	(66,142)	(69,093)	(64,600)	(62,842)	(80,294)	(96,964)	(66,122)	(74,522)	(79,131)	(82,889)
Pre-Tax Profit (incl. Stock Comp.)	263,085	287,311	268,482	376,920	233,627	247,799	230,486	288,201	172,629	278,627	217,639	253,745
Provision / (Benefit) for Income Taxes	102,932	122,698	119,361	136,699	92,358	87,732	78,653	115,818	77,683	118,334	97,938	114,185
Adjustment for Extraordinary Items	0	0	0	0	0	0	0	6,842	0	0	0	0
Minority Interest	294	283	(103)	238	(1,155)	(500)	547	3,958	1,000	1,000	1,000	1,000
Operating Net Income (incl. Stock Comp.)	159,859	164,330	149,224	239,983	142,424	160,567	151,286	161,583	93,946	143,630	118,701	138,559
Amortization of Goodwill	0	0	0	0	0	0	0	0	0	0	0	0
Acquisition-Related Charges	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Effect of Accounting Change	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0	0	0	15,600	0	0	0
Extraordinary (Gain) / Loss	0	0	(9,305)	0	0	0	0	(6,842)	(325,000)	0	0	0
Goodwill Amortization of Yahoo! Japan	0	0	0	0	0	0	0	0	0	0	0	0
Amortization of Purchased Technology	0	0	0	0	0	0	0	0	0	0	0	0
One-Time (Revenue)	0	0	0	(28,690)	0	0	0	(37,298)	0	0	0	0
Tax Effect	0	0	0	0	0	0	0	0	0	0	0	0
Reported Net Income	159,859	164,330	158,259	268,673	142,424	160,567	151,286	205,723	403,346	143,630	118,701	138,559
SFAS 123 Net Income	--	--	--	--	--	--	--	--	--	--	--	--
Wtd. Avg. Shares Out (Diluted)	1,493,307	1,476,642	1,442,429	1,419,143	1,418,225	1,403,819	1,395,056	1,394,656	1,418,606	1,421,922	1,425,325	1,429,002
Operating EPS (ex. Stock Comp.)	\$0.15	\$0.16	\$0.17	\$0.21	\$0.17	\$0.17	\$0.17	\$0.20	\$0.12	\$0.14	\$0.13	\$0.16
Reported EPS	\$0.11	\$0.11	\$0.11	\$0.19	\$0.10	\$0.11	\$0.11	\$0.15	\$0.28	\$0.10	\$0.08	\$0.10
Key Metrics												
Growth Rate												
Revenue (Ex-TAC) (Y/Y)	33%	28%	20%	15%	9%	11%	14%	14%	12%	11%	10%	12%
Marketing Services (Ex-TAC) (Y/Y)	34	30	20	15	9	11	16	14	14	14	15	18
Fees (Y/Y)	25	19	23	15	9	12	7	14	5	(7)	(13)	(18)
Revenue (Ex-TAC) (Q/Q)	2	3	(0)	9	(4)	5	3	9	(5)	4	3	11
Cost of Revenue (Y/Y)	76	77	80	54	26	19	15	25	18	16	15	17
Cost of Revenue (Q/Q)	27	8	15	(3)	4	2	12	7	(3)	0	11	8
Expenses (Y/Y)	50	39	29	18	12	19	26	34	21	11	12	15
Expenses (Q/Q)	18	(1)	(1)	1	12	5	6	7	2	(4)	6	10
Operating Income incl. Stock Compensation (Y ^h)	(19)	(12)	(25)	(6)	(16)	(19)	(26)	(38)	(37)	2	(8)	(11)
Operating Income incl. Stock Compensation (Q ^h)	(39)	14	(12)	52	(45)	9	(19)	27	(44)	77	(26)	23
Operating Income excl. Stock Compensation (Y)	21	21	11	16	(0)	(5)	(6)	(13)	(17)	(5)	(9)	(7)
Operating Income excl. Stock Compensation (Q)	(11)	6	(5)	28	(23)	2	(6)	18	(27)	17	(10)	21
EBITDA (Y/Y)	26	24	23	18	6	4	(2)	(2)	(5)	2	(3)	(2)
EBITDA (Q/Q)	(5)	5	4	14	(15)	3	(2)	13	(17)	11	(6)	13
Net Income (Y/Y)	(19)	(19)	(31)	(3)	(11)	(2)	1	(33)	(34)	(11)	(22)	(14)
Net Income (Q/Q)	(35)	3	(9)	61	(41)	13	(6)	7	(42)	53	(17)	17
Margin Analysis												
Gross Margin	84%	83%	80%	83%	81%	82%	80%	81%	80%	81%	79%	80%
Operating Margin (incl. Stock Comp.)	18	20	18	25	14	15	12	14	8	13	10	11
Operating Margin (excl. Stock Comp.)	28	29	28	33	26	25	23	25	19	22	19	21
EBITDA Margin	40	41	42	44	39	38	36	38	33	35	32	33
Pre-Tax Margin	24	26	24	31	20	20	18	21	13	19	15	16
Operating Net Margin	15	15	13	20	12	13	12	12	7	10	8	9
Expense Analysis (as % of Revenue)												
Product Development	17%	15%	15%	14%	16%	17%	17%	17%	18%	19%	19%	19%
Sales & Marketing	27	26	26	24	27	27	27	26	29	27	28	27
General & Administrative	9	10	9	9	10	10	11	11	11	11	11	11
Effective Tax Rate	39	43	44	36	40	35	34	43	45	45	45	45
Revenue Mix (as % of Revenue)												
Marketing Services (Ex-TAC)	83%	83%	81%	83%	83%	83%	83%	83%	84%	86%	86%	87%
Fees	17	17	19	17	17	17	17	17	16	14	14	13

Source: Morgan Stanley Internet Research.

e = Morgan Stanley Research estimates

January 30, 2008

Yahoo!

Exhibit 7

Yahoo! Annual Income Statement

(US\$ in Thousands, Except per Share Data)

	F2005A	F2006A (3)	F2007A	F2008E	F2009E
Net Revenue (Ex-TAC) (1)	3,695,932	4,559,754	5,112,572	5,685,858	6,437,681
Marketing Services (2)	3,032,235	3,761,283	4,231,537	4,882,744	5,636,011
Fees (2)	663,697	798,471	881,035	803,115	801,671
<i>Company Revenue Guidance (SMM)</i>	<i>\$3,660-3,710</i>	<i>\$4,477-4,597</i>	<i>\$5,020-5,160</i>	<i>\$5,350-5,950</i>	
Cost of Revenue	470,582	803,178	971,428	1,131,485	1,280,885
Gross Profit (incl. Depreciation)	3,225,350	3,756,576	4,141,144	4,554,373	5,156,797
<i>Company Gross Profit Guidance (SMM)</i>	<i>\$3,697-3,777</i>	<i>\$4,056-4,166</i>	<i>\$4,320-4,800</i>		
Product Development	547,137	688,340	866,031	1,085,457	1,228,908
Sales & Marketing	1,025,249	1,167,175	1,363,885	1,578,512	1,722,996
General & Administrative	319,690	420,380	536,311	630,756	708,145
Stock Compensation Expense	52,471	414,930	572,427	545,885	573,179
Amortization of Intangibles	173,077	124,786	107,077	109,252	125,252
Total Operating Expenses (incl. Stock Comp.)	2,117,624	2,815,611	3,445,731	3,949,861	4,358,481
Total Operating Expenses (excl. Stock Comp.)	2,065,153	2,400,681	2,873,304	3,403,976	3,785,302
Operating Income (incl. Stock Comp.)	1,107,726	940,965	695,413	604,512	798,316
Operating Income (excl. Stock Comp.)	1,160,197	1,355,895	1,267,840	1,150,397	1,371,495
EBITDA (excl. Stock Compensation)	1,557,339	1,895,916	1,927,035	1,886,289	2,163,387
<i>Company EBITDA Guidance (SMM)</i>	<i>\$1,550-1,580</i>	<i>\$1,841-1,911</i>	<i>\$1,880-1,950</i>	<i>\$1,725-1,975</i>	
Net Interest (Income) and Other (Income)	(252,523)	(254,832)	(304,700)	(302,465)	(298,821)
Pre-Tax Profit (incl. Stock Comp.)	1,360,249	1,195,797	1,000,113	906,977	1,097,137
Provision / (Benefit) for Income Taxes	498,115	481,690	374,561	408,140	493,711
Adjustment for Extraordinary Items	0	0	6,842	0	0
Minority Interest	7,780	712	2,850	4,000	4,000
Operating Net Income (incl. Stock Comp.)	854,354	713,395	615,860	494,838	599,425
Amortization of Goodwill	0	0	0	0	0
Acquisition-Related Charges	0	0	0	0	0
Cumulative Effect of Accounting Change	0	0	0	0	0
Restructuring Charges	0	0	0	15,600	0
Extraordinary (Gain) / Loss	(1,311,578)	(9,305)	(6,842)	(325,000)	0
Goodwill Amortization of Yahoo! Japan	0	0	0	0	0
Amortization of Purchased Technology	0	0	0	0	0
One-Time (Revenue)	0	0	0	0	0
Tax Effect	269,701	(28,690)	(37,298)	0	0
Reported Net Income	1,896,231	751,390	660,000	804,238	599,425
SFAS 123 Net Income	--	--	--	--	--
Wtd. Avg. Shares Out (Diluted)	1,485,591	1,457,686	1,404,353	1,423,714	1,437,841
Operating EPS (ex. Stock Comp.)	0.60	0.66	0.69	0.56	0.64
Reported EPS	1.28	0.52	0.47	0.56	0.42
Key Metrics					
Growth Rate					
Revenue (Ex-TAC) (Y/Y)	44%	23%	12%	11%	13%
Marketing Services (Ex-TAC) (Y/Y)	43	24	13	15	15
Fees (Y/Y)	48	20	10	(9)	(0)
Revenue (Ex-TAC) (Q/Q)	--	--	--	--	--
Cost of Revenue (Y/Y)	45	71	21	16	13
Cost of Revenue (Q/Q)	--	--	--	--	--
Expenses (Y/Y)	33	33	22	15	10
Expenses (Q/Q)	--	--	--	--	--
Operating Income incl. Stock Compensation (Y/Y)	68	(15)	(26)	(13)	32
Operating Income incl. Stock Compensation (Q/Q)	--	--	--	--	--
Operating Income excl. Stock Compensation (Y/Y)	68	17	(6)	(9)	19
Operating Income excl. Stock Compensation (Q/Q)	--	--	--	--	--
EBITDA (Y/Y)	55	22	2	(2)	15
EBITDA (Q/Q)	--	--	--	--	--
Net Income (Y/Y)	71	(16)	(14)	(20)	21
Net Income (Q/Q)	--	--	--	--	--
Margin Analysis					
Gross Margin	87%	82%	81%	80%	80%
Operating Margin (incl. Stock Comp.)	30	21	14	11	12
Operating Margin (excl. Stock Comp.)	31	30	25	20	21
EBITDA Margin	42	42	38	33	34
Pre-Tax Margin	37	26	20	16	17
Operating Net Margin	23	16	12	9	9
Expense Analysis (as % of Revenue)					
Product Development	15%	15%	17%	19%	19%
Sales & Marketing	28	26	27	28	27
General & Administrative	9	9	10	11	11
Effective Tax Rate	37	40	38	45	45
Revenue Mix (as % of Revenue)					
Marketing Services (Ex-TAC)	82%	82%	83%	86%	88%
Fees	18	18	17	14	12

Source: Morgan Stanley Internet Research.

e = Morgan Stanley Research estimates

January 30, 2008

Yahoo!

Exhibit 8

Yahoo! Quarterly Revenue Breakout

(US\$ in Thousands, Except per Share Data)

	F2006A (1)				F2007A (1)				F2008E (1)			
	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07	3/08	6/08	9/08	12/08
Total Net Revenue (Ex-TAC)	\$1,087,698	\$1,122,655	\$1,121,467	\$1,227,935	\$1,183,076	\$1,243,766	\$1,282,601	\$1,403,129	\$1,327,787	\$1,375,789	\$1,411,853	\$1,570,429
Y/Y Growth	33%	28%	20%	15%	9%	11%	14%	14%	12%	11%	10%	12%
Q/Q Growth	2	3	(0)	9	(4)	5	3	9	(5)	4	3	11
Marketing Services (Ex-TAC)	\$901,497	\$933,046	\$911,519	\$1,015,221	\$979,845	\$1,031,878	\$1,058,696	\$1,161,118	1,114,818	\$1,177,727	\$1,217,752	\$1,372,447
Y/Y Growth	34%	30%	20%	15%	9%	11%	16%	14%	14%	14%	15%	18%
Q/Q Growth	2	3	(2)	11	(3)	5	3	10	(4)	6	3	13
% of Total Net Revenue	83	83	81	83	83	83	83	83	84	86	86	87
Owned & Operated Sites	\$710,097	\$746,046	\$733,419	\$843,394	\$809,045	\$879,800	\$896,803	1,020,805	975,908	1,049,930	1,077,175	1,215,001
Y/Y Growth	--	--	--	--	14%	16%	22%	21%	21%	19%	20%	19%
Q/Q Growth	--	5	(2)	15	(4)	9	2	14	(4)	8	3	13
% of Total Net Revenue	65	66	65	69	68	71	70	73	73	76	76	77
Traditional Branded Advertising (Display)	\$380,755	\$430,563	\$416,592	\$501,680	\$465,922	\$487,667	\$498,395	\$599,569	\$552,803	\$574,915	\$586,413	\$697,832
Y/Y Growth	45%	45%	31%	28%	22%	13%	20%	20%	19%	18%	18%	16%
Q/Q Growth	(3)	13	(3)	20	(7)	5	2	20	(6)	4	2	19
% of Total Net Revenue	35	38	37	41	39	39	39	43	42	42	42	44
Sponsored Search	\$252,483	\$237,954	\$235,812	\$250,904	\$248,969	\$296,273	\$306,939	\$328,424	\$328,424	\$380,972	\$396,211	\$416,022
Y/Y Growth	31%	22%	14%	6%	(1)%	25%	30%	31%	32%	29%	29%	27%
Q/Q Growth	7	(6)	(1)	6	(1)	19	4	7	0	16	4	5
% of Total Net Revenue	23	21	21	20	21	24	24	23	25	28	28	26
Other (7)	\$76,859	\$77,529	\$81,015	\$90,810	\$94,154	\$95,861	\$91,469	\$92,811	\$94,680	\$94,042	\$94,551	\$101,147
Y/Y Growth	49%	45%	51%	62%	23%	24%	13%	2%	1%	(2)%	3%	9%
Q/Q Growth	(2)	(2)	0	7	(3)	(9)	2	1	(3)	(9)	2	4
% of Total Net Revenue	7	7	7	7	8	8	7	7	7	7	7	6
Affiliate Sites Net Revenue	\$191,400	\$187,000	\$178,100	\$171,827	\$170,800	\$152,078	\$161,893	\$140,313	\$138,910	\$127,797	\$140,577	\$157,446
Y/Y Growth	9%	3%	(7)%	(20)%	(11)%	(19)%	(9)%	(18)%	(19)%	(16)%	(13)%	12%
Q/Q Growth	(10)	(2)	(5)	(4)	(1)	(11)	6	131	(1)	(8)	10	12
% of Total Net Revenue	18	17	16	14	14	12	13	10	10	9	10	10
Fees	\$186,201	\$189,609	\$209,948	\$212,714	\$203,231	\$211,888	\$223,905	\$242,011	\$212,970	\$198,062	\$194,101	\$197,983
Y/Y Growth	25%	19%	23%	15%	9%	12%	7%	14%	5%	(7)%	(13)%	(18)%
Q/Q Growth	0	2	11	1	(4)	4	6	8	(12)	(7)	(2)	2
% of Total Net Revenue	17	17	19	17	17	17	17	17	16	14	14	13
Total Subscribers (Z,3)	13,300	14,600	15,500	16,125	16,500	16,900	18,700	19,000	19,285	19,478	20,257	21,270
Y/Y Growth	49%	45%	36%	28%	24%	16%	21%	16%	17%	15%	8%	12%
Q/Q Growth	6	10	6	4	2	2	11	3	2	1	4	5

Footnotes

- (1) Revenue breakouts other than Marketing Services, Fees, and Listings are Morgan Stanley estimates.
 - (2) Fee paying customers are primarily DSL Access, Personals, Premium Mail, and Small Business Services subscribers.
 - (3) Includes 200 additional users for MusicMatch in Q4:04.
 - (4) Net subscribers include the impact of churn.
 - (5) Includes Yahoo! Platinum, Yahoo! Finance, Launch, Yahoo! Mobile and other fee-based services.
 - (6) HotJobs revenue contribution to Yahoo! begins mid-FQ1:02.
 - (7) Other includes Yahoo! Express and Classified (Auctions, Yellow Pages and Autos).
- Fiscal year ends in December. E = Morgan Stanley Research Estimates.
 Source: Company data, Morgan Stanley Internet Research.

January 30, 2008

Yahoo!

Exhibit 9

Yahoo! Annual Revenue Breakout – First Pass

(US\$ in Thousands, Except per Share Data)

	F2006A (1)	F2007A (1)	F2008E (1)	F2009E (1)
Total Net Revenue (Ex-TAC)	\$4,559,754	\$5,112,572	\$5,685,858	\$6,437,681
Y/Y Growth	22%	12%	11%	13%
Q/Q Growth	--	--	--	--
Marketing Services (Ex-TAC)	\$3,761,283	\$4,231,537	\$4,882,744	\$5,636,011
Y/Y Growth	22%	13%	15%	15%
Q/Q Growth	--	--	--	--
% of Total Net Revenue	82	83	86	88
Owned & Operated Sites	\$3,032,956	\$3,606,453	\$4,318,014	\$4,998,315
Y/Y Growth	31%	19%	20%	16%
Q/Q Growth	--	--	--	--
% of Total Net Revenue	67	71	76	78
Traditional Branded Advertising (Display)	\$1,729,590	\$2,051,553	\$2,411,964	\$2,723,042
Y/Y Growth	36%	19%	18%	13%
Q/Q Growth	--	--	--	--
% of Total Net Revenue	38	40	42	42
Sponsored Search	\$977,154	\$1,180,605	\$1,521,630	\$1,863,155
Y/Y Growth	18%	21%	29%	22%
Q/Q Growth	--	--	--	--
% of Total Net Revenue	21	23	27	29
Other (7)	\$326,212	\$374,295	\$384,420	\$412,118
Y/Y Growth	22%	15%	3%	7%
Q/Q Growth	--	--	--	--
% of Total Net Revenue	7	7	7	6
Affiliate Sites Net Revenue	\$728,327	\$625,084	\$564,730	\$637,696
Y/Y Growth	(4%)	(14%)	(10%)	13%
Q/Q Growth	--	--	--	--
% of Total Net Revenue	16	12	10	10
Fees	\$798,472	\$881,035	\$803,115	\$801,671
Y/Y Growth	20%	10%	(9%)	(0%)
Q/Q Growth	--	--	--	--
% of Total Net Revenue	18	17	14	12
Total Subscribers (2,3)	16,125	18,750	19,650	19,971
Y/Y Growth	28%	16%	5%	2%
Q/Q Growth	--	--	--	--

Footnotes

(1) Revenue breakouts other than Marketing Services, Fees, and Listings are Morgan Stanley estimates.

(2) Fee paying customers are primarily DSL Access, Personals, Premium Mail, and Small Business Services subscribers.

(3) Includes 200 additional users for MusicMatch in CQ4:04.

(4) Net subscribers include the impact of churn.

(5) Includes Yahoo! Platinum, Yahoo! Finance, Launch, Yahoo! Mobile and other fee-based services.

(6) HotJobs revenue contribution to Yahoo! begins mid-FQ1:02.

(7) Other includes Yahoo! Express and Classified (Auctions, Yellow Pages and Autos).

Fiscal year ends in December. E = Morgan Stanley Research Estimates.

Source: Company data, Morgan Stanley Internet Research.

January 30, 2008

Yahoo!

Exhibit 10

Yahoo! Key Metrics

(US\$ in Thousands, Except per Share Data)

	F2005A				F2006A				F2007A				
	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07	
Domestic Versus International Breakdown													
Revenue Ex-TAC	\$820,755	\$875,112	\$932,115	\$1,067,949	\$1,087,698	\$1,122,655	\$1,121,467	\$1,227,935	\$1,183,076	\$1,243,766	\$1,282,601	\$1,403,129	
United States	618,892	660,045	703,617	808,537	826,665	836,504	836,596	921,905	882,932	935,689	962,098	1,057,782	
Y/Y Change	40%	39%	40%	35%	34%	27%	19%	14%	7%	12%	15%	15%	
Q/Q Change	3	7	7	15	2	1	0	10	(4)	6	3	10	
% of Total Revenue	75	75	75	76	76	75	75	75	75	75	75	75	
International	201,863	215,067	228,498	259,412	261,033	286,151	284,871	306,030	300,144	308,077	320,503	345,347	
Y/Y Change	105%	59%	50%	41%	29%	33%	25%	18%	15%	8%	13%	13%	
Q/Q Change	10	7	6	14	1	10	(0)	7	(2)	3	4	8	
% of Total Revenue	25	25	25	24	24	25	25	25	25	25	25	25	
EBITDA	\$345,062	\$368,440	\$385,122	\$458,714	\$434,932	\$456,858	\$473,738	\$540,389	\$460,035	\$473,629	\$466,309	\$527,062	
United States	270,415	291,244	306,031	351,849	335,269	340,598	365,550	410,239	341,518	362,337	338,423	391,339	
Y/Y Change	49%	47%	37%	26%	24%	17%	19%	17%	2%	6%	(7)%	(5)%	
Q/Q Change	(3)	8	5	15	(5)	2	7	12	(17)	6	(7)	16	
% of US Revenue	44	44	43	44	41	41	41	44	39	39	35	37	
International	74,647	77,196	79,091	106,865	99,663	116,260	108,188	130,150	118,517	111,292	127,886	135,723	
Y/Y Change	280%	116%	117%	118%	34%	51%	37%	22%	19%	(4)%	18%	4%	
Q/Q Change	52	3	2	35	(7)	17	(7)	20	(9)	(6)	15	6	
% of International Revenue	37	36	35	41	38	41	38	43	39	36	40	39	
User / Usage Metrics (5)													
Daily Page Views Qtr. Exit (MM) (2)	3,070	2,961	3,219	3,283	3,799	3,941	3,986	4,005	4,645	4,637	4,900	4,000	
Y/Y Change	27%	18%	17%	20%	24%	33%	24%	22%	22%	18%	23%	(0)%	
Q/Q Change	13	(4)	9	2	16	4	1	0	16	(0)	6	(18)	
Unique Users at Qtr. Exit (MM) (2)	317	321	350	365	402	412	418	423	462	463	477	500	
Y/Y Change	16%	7%	8%	22%	27%	19%	17%	16%	15%	2%	14%	16%	
Q/Q Change	6	1	9	4	10	2	1	9	9	0	3	5	
Active Registered Users (MM) (2, 6)	169	174	185	193	208	208	215	219	238	245	248	255	
Y/Y Change	20%	19%	18%	21%	23%	20%	16%	13%	14%	18%	15%	17%	
Q/Q Change	6	3	6	4	8	0	3	2	9	3	1	3	
Fee Paying Customers (000s) (3)	8,900	10,100	11,400	12,600	13,300	14,300	15,500	16,300	16,500	16,900	18,700	19,000	
Y/Y Change	53%	58%	50%	50%	49%	42%	36%	29%	24%	18%	21%	17%	
Q/Q Change	6	13	13	11	6	8	8	5	1	2	11	2	
User / Usage Ratios (5)													
Revenue Per Average Unique User per Month (ARPU) - Ex-TAC	\$0.88	\$0.91	\$0.92	\$0.99	\$0.95	\$0.92	\$0.90	\$0.97	\$0.89	\$0.90	\$0.91	\$0.96	
Y/Y Change	31%	29%	33%	13%	8%	1%	(2)%	(2)%	(6)%	(2)%	1%	(1)%	
Q/Q Change	0	3	1	8	(4)	(3)	(2)	8	(8)	1	1	5	
Revenue per Average Unique User per Year (ARPU)	\$10.64	\$10.97	\$11.11	\$11.95	\$11.34	\$11.03	\$10.81	\$11.68	\$10.69	\$10.76	\$10.92	\$11.49	
Fees / Premium Service Subscribers	\$17	\$16	\$15	\$15	\$14	\$13	\$14	\$13	\$12	\$13	\$12	\$13	
Avg. Mktg. Serv. Revenue / 1,000 Pages Delivered (RPM)	\$2.58	\$2.64	\$2.74	\$3.02	\$2.83	\$2.68	\$2.56	\$2.82	\$2.52	\$2.47	\$2.47	\$2.90	
Y/Y Change	17%	17%	20%	17%	10%	1%	(7)%	(6)%	(11)%	(8)%	(3)%	3%	
Q/Q Change	(0)	3	4	10	(6)	(5)	(5)	10	(11)	(2)	(0)	18	
Avg. Mktg. Serv. Revenue / Advertiser	--	--	--	--	--	--	--	--	--	--	--	--	
Yahoo! Incremental Margin Analysis													
Incremental Revenue (Y/Y Increase)	\$280,482	\$267,808	\$282,034	\$294,621	\$266,943	\$247,542	\$189,352	\$159,985	\$95,378	\$121,111	\$161,134	\$175,194	
Incremental Operating Income (Y/Y Increase)	125,083	113,700	103,272	105,806	(46,151)	(31,771)	(67,717)	(21,122)	(32,185)	(44,630)	(52,148)	(116,590)	
Incremental Operating Margin	44.6%	42.5%	36.6%	35.9%	(17.3%)	(12.8%)	(35.8%)	(13.2%)	(33.7%)	(36.9%)	(32.4%)	(66.5%)	
Operating Margin	30.1	29.9	29.0	30.8	18.5	20.5	18.0	25.1	14.3	14.9	11.7	13.6	
Incremental Revenue (Q/Q Increase)	\$47,427	\$54,357	\$57,003	\$135,834	\$19,749	\$34,957	\$(1,188)	\$106,468	\$(44,858)	\$60,990	\$38,835	\$120,528	
Incremental Operating Income (Q/Q Increase)	24,221	13,994	8,700	58,891	(127,736)	28,375	(27,247)	105,487	(138,799)	15,930	(34,765)	41,045	
Incremental Operating Margin	51.1%	25.7%	15.3%	43.4%	(64.8%)	81.2%	2294.2%	99.1%	309.4%	26.2%	(89.5%)	34.1%	
Operating Margin	30.1	29.9	29.0	30.8	18.5	20.5	18.0	25.1	14.3	14.9	11.7	13.6	
Employee Metrics (5)													
Headcount	7,606	8,309	9,142	9,816	10,098	10,489	11,000	11,400	11,700	12,400	13,600	14,300	
Y/Y Change	29%	27%	30%	36%	33%	26%	20%	16%	16%	18%	24%	25%	
Q/Q Change	6	9	10	7	3	4	5	4	3	6	10	5	
Annualized Revenue Run-Rate	\$3,283,021	\$3,500,449	\$3,728,462	\$4,271,796	\$4,350,792	\$4,490,618	\$4,485,868	\$4,911,738	\$4,732,306	\$4,975,064	\$5,130,404	\$5,612,516	
Annualized OpEx Run-Rate	1,892,328	2,022,968	2,158,536	2,396,664	2,638,340	2,808,328	2,794,204	2,821,572	3,164,772	3,329,232	3,518,676	3,770,244	
Annualized Revenue per Average Headcount (1)	\$439	\$436	\$423	\$449	\$437	\$436	\$418	\$440	\$410	\$412	\$394	\$402	
Y/Y Change	16%	13%	10%	0%	(0)%	0%	(1)%	(2)%	(6)%	(6)%	(6)%	(9)%	
Q/Q Change	(2)	(1)	(3)	6	(3)	(0)	(4)	5	(7)	0	(4)	2	
Annualized Opex per Average Headcount	\$256	\$254	\$247	\$253	\$285	\$273	\$260	\$252	\$274	\$276	\$271	\$270	
Y/Y Change	6%	2%	4%	(1)%	11%	7%	5%	(0)%	(4)%	1%	4%	7%	
Q/Q Change	(0)	(1)	(3)	2	13	(4)	(5)	(3)	9	1	(2)	(0)	
Company Defined Free Cash Flow													
Cash Flow from Operations	\$385,715	\$404,195	\$440,131	\$481,342	\$384,881	\$429,684	\$389,654	\$167,357	\$441,244	\$405,603	\$456,712	\$657,311	
Acquisitions of Property and Equipment	(68,149)	(95,851)	(95,494)	(151,640)	(141,747)	(175,078)	(240,781)	(131,550)	(118,019)	(144,878)	(147,150)	(192,431)	
Other	0	(10,670)	0	0	39,982	103,224	139,022	242,152	45,525	67,266	0	(134,491)	
Reported Free Cash Flow	\$317,566	\$299,874	\$344,637	\$329,702	\$283,116	\$357,830	\$287,915	\$277,959	\$368,750	\$328,193	\$309,562	\$330,389	
Y/Y Change	61%	56%	76%	38%	(11)%	19%	(16)%	(16)%	30%	(8)%	8%	19%	
Q/Q Change	33	(6)	15	(4)	(14)	26	(20)	(3)	33	(11)	(6)	7	
Yahoo! Normalizing Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (Normalized)	\$317,566	\$299,874	\$344,637	\$329,702	\$283,116	\$357,830	\$287,915	\$277,959	\$368,750	\$328,193	\$309,562	\$330,389	
Y/Y Change	64%	54%	72%	36%	(11)%	19%	(16)%	(16)%	30%	(8)%	8%	19%	
Q/Q Change	31	(6)	15	(4)	(14)	26	(20)	(3)	33	(11)	(6)	7	
Reported Free Cash Flow Per Share	\$0.21	\$0.20	\$0.23	\$0.22	\$0.19	\$0.24	\$0.20	\$0.20	\$0.26	\$0.23	\$0.22	\$0.24	

Footnotes

(1) In the event of an acquisition, Yahoo! adjusts for the additional employees when calculating average headcount. Metrics have been adjusted to match their calculations.

(2) Metrics do not include Yahoo! Japan.

(3) Fee paying customers are primarily DSL Access, Personals, Premium Mail, and Small Business Services subscribers.

(4) Given Yahoo!'s aggressive investment strategy and NOL usage, there will likely be ongoing volatility in FCF and working capital due to tax considerations associated with these transactions.

(5) Metrics for Q04:04, Q03:05 and for Q04:05 going forward adjusted to exclude Yahoo! China.

(6) Morgan Stanley estimate beginning Q04:07

Fiscal year ends in December. E = Morgan Stanley Research Estimates.

Source: Company data, Morgan Stanley Internet Research.

January 30, 2008
Yahoo!

Exhibit 11

Yahoo! Quarterly Balance Sheet

(US\$ in Thousands, Except per Share Data)

	F2005A				F2006A				F2007A			
	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07
Assets:												
Cash & Cash Equivalents	1,090,910	1,920,423	2,027,003	1,429,693	1,362,095	1,591,223	1,185,259	1,569,871	1,309,078	1,525,812	1,527,950	1,513,930
Short-Term Marketable Securities	2,241,357	1,474,101	1,156,688	1,131,141	1,066,396	1,097,332	923,792	1,031,528	1,036,788	865,325	684,197	487,544
Restricted Cash	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Short-Term Investments	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable	514,497	548,408	599,129	721,723	766,511	792,451	784,460	930,964	893,200	891,621	950,027	1,055,532
Prepaid Expenses and Other Current Assets	76,808	157,918	179,875	205,615	171,855	173,699	166,111	217,779	336,158	361,891	321,574	180,716
Current Assets	3,923,572	4,100,850	3,962,695	3,488,172	3,366,857	3,654,705	3,059,622	3,750,142	3,575,224	3,644,649	3,483,748	3,237,722
Long-Term Marketable Securities	1,270,832	1,530,149	1,579,930	1,439,014	1,404,990	1,276,117	1,120,930	935,886	782,193	760,402	550,630	361,998
Property and Equipment	552,959	589,373	623,050	697,522	774,952	884,005	1,048,574	1,101,379	1,127,558	1,175,858	1,240,340	1,331,632
Goodwill	2,540,309	2,563,597	2,564,073	2,895,557	2,925,909	2,975,278	2,976,576	2,968,557	2,975,829	3,004,052	3,532,296	4,002,030
Intangible Assets	534,893	491,494	451,018	534,615	501,396	454,040	407,368	405,822	413,069	393,337	517,356	611,497
Investments in Equity Interests + Other Assets	482,400	396,904	362,856	1,815,593	1,851,304	1,946,417	2,003,997	2,351,822	2,439,492	2,513,010	2,518,778	2,684,862
Total Assets	9,304,965	9,672,367	9,543,622	10,870,473	10,825,408	11,190,562	10,617,067	11,513,608	11,313,365	11,491,308	11,843,148	12,229,741
Liabilities & Equity:												
Accounts Payable	25,870	30,909	38,879	70,291	107,689	139,378	142,479	109,130	140,969	142,552	131,559	176,162
Accrued Expenses and Other Liabilities	876,696	709,394	739,813	827,589	877,997	935,008	987,280	1,046,882	929,312	923,044	965,860	1,006,188
Deferred Revenue	289,709	304,287	324,039	306,172	323,743	348,505	329,385	317,982	331,058	341,504	336,796	368,470
Due to Related Parties	0	0	0	0	0	0	0	0	0	0	0	0
Short-Term Debt	0	0	0	0	0	0	0	0	0	0	749,628	749,628
Total Current Liabilities	1,192,275	1,044,590	1,102,731	1,204,052	1,309,429	1,422,891	1,459,144	1,473,994	1,401,339	1,407,100	2,183,843	2,300,448
Other Liabilities	103,663	145,821	151,505	205,793	313,246	312,117	332,906	121,033	318,157	359,099	368,293	384,208
Long-Term Debt	750,000	750,000	749,995	749,995	749,993	749,971	749,960	749,915	749,763	749,632	0	0
Mandatory Convertible Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0
Minority Interests in Consolidated Subs.	48,849	50,354	51,961	0	7,638	7,921	7,818	8,056	8,249	7,748	8,295	12,254
Total Liabilities	2,092,787	1,990,765	2,056,192	2,159,840	2,380,306	2,492,900	2,549,828	2,352,998	2,477,508	2,523,579	2,560,431	2,696,910
Shareholders' Equity	7,212,178	7,681,602	7,487,430	8,710,633	8,445,102	8,697,662	8,067,239	9,160,610	8,835,857	8,967,729	9,282,717	9,532,831
Liabilities & Shareholders' Equity	9,304,965	9,672,367	9,543,622	10,870,473	10,825,408	11,190,562	10,617,067	11,513,608	11,313,365	11,491,308	11,843,148	12,229,741
Balance Sheet Analysis												
Book Value per Share	5.2	5.5	5.3	6.1	6.0	6.1	5.9	6.7	6.6	6.7	7.0	7.2
Cash & Equivalents per Share (1)	2.5	2.1	1.9	1.8	1.7	1.7	1.5	1.4	1.4	1.2	0.9	0.6
Days Sales in Receivables	57.2	57.2	58.7	61.7	64.3	64.4	63.8	69.2	68.9	65.4	67.6	68.6
Days COGS in Payables	23.5	26.1	29.0	45.9	55.5	66.6	58.9	46.4	57.7	57.4	47.5	59.7

Footnotes

- (1) Includes short- and long-term marketable securities.
- (2) FQ1-FQ2:99 adjusted for broadcast.com acquisition, accounted for as a pooling. Other assets have been allocated based on best estimates.
- (3) FQ1-FQ2:00 adjusted for eGroups acquisition, accounted for as a pooling. Prior periods not adjusted due to immateriality and lack of filings. Fiscal year ends in December. E = Morgan Stanley Research Estimates.

Source: Company data, Morgan Stanley Internet Research.

January 30, 2008
Yahoo!

Exhibit 12

Yahoo! Cash Flow Statement

(US\$ in Thousands, Except per Share Data)

	F2005A				F2006A				F2007A			
	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07
Net Income	204,560	754,689	253,773	683,208	159,859	164,330	158,529	268,673	142,424	160,567	151,286	205,723
Depreciation	48,030	54,721	60,494	60,820	94,221	93,545	117,133	110,336	123,900	134,716	140,592	152,910
Amortization of Intangibles	40,203	41,414	41,047	50,413	30,858	34,003	32,774	27,151	27,102	25,177	29,985	24,813
Amortization of Goodwill	-	-	-	-	0	0	0	0	0	0	0	0
Tax Benefit from Stock Options	107,527	108,769	121,180	35,782	12,023	(147)	3,707	13,308	15,622	14,542	6,028	39,946
Minority Interest in Consolidated Subsidiaries	1,740	3,654	646	1,740	294	283	(103)	238	(1,155)	(500)	547	3,958
Earnings in Unconsolidated Equity Interests	(29,378)	(33,105)	(32,164)	(33,597)	(26,437)	(21,634)	(30,190)	(33,853)	(29,149)	(32,106)	(36,546)	(52,888)
Stock-Based Compensation	9,466	10,948	13,524	18,533	108,641	99,723	121,491	95,075	140,006	128,779	145,540	158,102
Deferred Taxes	-	-	-	-	(32,090)	(31,449)	(31,917)	(178,977)	(42,300)	(48,539)	(43,746)	(78,157)
(Gain) / Loss on Sale of PP&E	4,809	-	(24,472)	-	0	0	(13,741)	0	0	0	(14,318)	(15,132)
(Gain) / Loss on Sale of Securities	(19,077)	(551,726)	-	(301,573)	(7,277)	5,207	0	686	(2,857)	4,379	0	0
(Gain) / Loss on Sale of Investment in Yahoo! Japan	-	-	-	-	0	0	0	0	0	0	0	0
Cumulative Effect of Accounting Change	-	-	-	-	0	0	0	0	0	0	0	0
Non-Cash Restructuring Charges	-	-	-	-	0	0	0	0	0	0	0	0
Purchased In-Process R&D	-	-	-	-	0	0	0	0	0	0	0	0
Other Non-Cash Charges	-	10,670	-	-	0	12,908	0	0	0	15,156	0	0
Funds From Operations	367,880	400,034	434,028	515,326	340,092	356,769	357,683	302,637	373,593	402,171	379,368	439,275
(Inc.) Dec. in Accounts Receivable	(30,417)	(47,740)	(50,764)	(143,466)	(40,101)	(13,254)	6,575	(138,416)	40,214	3,151	(49,746)	(82,357)
(Inc.) Dec. in Prepaids and Other Current Assets	19,108	(8,868)	(2,504)	(43,080)	(11,359)	(4,604)	(12,289)	18,685	13,358	(25,877)	73,578	72,126
Inc. (Dec.) in Accounts Payable	(24,826)	10,433	8,839	36,928	35,653	28,100	3,232	(36,572)	30,980	98	(19,005)	33,028
Inc. (Dec.) in Accrued and Other Liabilities	45,219	34,597	31,580	100,716	46,269	42,327	50,191	35,779	(28,178)	18,883	66,648	133,996
Inc. (Dec.) in Current Deferred Revenue	8,551	15,739	18,952	14,918	14,327	20,346	(15,738)	(14,756)	11,277	7,177	5,869	61,243
Inc. (Dec.) in Long-Term Deferred Revenue	-	-	-	-	0	0	0	0	0	0	0	0
Change in Net Working Capital	17,835	4,161	6,103	(33,984)	44,789	72,915	31,971	(135,280)	67,651	3,432	77,344	218,036
Cash Flow from Operations	385,715	404,195	440,131	481,342	384,881	429,684	389,654	167,357	441,244	405,603	456,712	657,311
Capital Expenditures	(68,149)	(93,651)	(95,494)	(151,640)	(141,747)	(175,078)	(240,761)	(131,550)	(118,019)	(144,676)	(147,150)	(192,431)
As a % of Net Revenue	8.3%	10.7%	10.2%	14.2%	13	16	21	11	10	12	11	14
Acquisitions, Net of Cash Acquired	(53,970)	(72,404)	(1,089)	(1,570,701)	5,504	(60,833)	(5,971)	(80,972)	(11,579)	(24,432)	(319,503)	(618,063)
Purchases of Marketable Securities	(1,636,760)	(3,838,067)	(1,157,592)	(391,383)	(334,762)	(313,571)	(240,690)	(439,492)	(570,287)	(422,752)	(112,004)	0
Purchases of Other Investments	-	-	-	-	0	0	0	0	0	0	0	0
Purchase of Investment in Yahoo! Japan	-	-	-	-	0	0	0	0	0	0	0	0
Purchase of Investments in Privately-Held Companies	-	-	-	-	0	0	0	0	0	0	0	0
Proceeds from Sales of PP&E	-	-	-	-	0	0	0	0	0	0	0	0
Proceeds from Sales of Marketable Securities	1,777,385	3,597,080	1,415,056	552,453	435,995	409,679	585,532	520,117	727,996	616,756	510,687	388,281
Proceeds from Sales of Other Investments	11,382	958,914	35,846	-	0	0	0	0	0	0	0	0
Proceeds from Sales of Investment in Yahoo! Japan	-	-	-	-	0	0	0	0	0	0	0	0
Distribution from Yahoo! Japan	-	-	-	-	0	0	0	0	0	0	0	0
Increase in Restricted Cash & Investments, Net	-	-	-	-	0	0	0	0	0	0	0	0
Other	11,318	(49,913)	(435)	(116)	(345)	(299)	19,120	(3,557)	(6,570)	(13,344)	(85,830)	(29,582)
Net Cash Used in Investing Activities	41,206	501,959	196,292	(1,561,387)	(35,355)	(140,102)	117,230	(135,454)	21,541	11,552	(153,800)	(451,795)
Debt Issuance / (Repayment)	-	-	-	-	0	0	0	0	0	0	0	0
Common Stock Dividends	-	-	-	-	0	0	0	0	0	0	0	0
Proceeds from Sale of Common Stock	90,304	212,420	75,027	369,056	87,519	102,306	41,626	86,652	71,922	131,803	40,164	131,177
Repurchase of Common Stock (Treasury Shares)	(261,097)	(263,729)	(601,243)	126,913	(616,603)	(301,311)	(1,091,931)	0	(845,006)	(418,175)	(350,055)	(220,684)
Excess Tax Benefits from Stock-Based Compensation	800	-	949	-	99,812	116,132	139,022	242,152	45,525	82,422	0	(134,491)
Other	-	-	-	-	0	0	0	0	0	(3,708)	(12,167)	(2,706)
Net Cash Provided by Financing Activities	(169,993)	(51,309)	(525,267)	495,969	(429,272)	(82,873)	(911,283)	328,804	(727,559)	(207,658)	(322,058)	(226,704)
Effect of Exchange Rate Changes	10,259	(25,332)	(4,576)	(13,234)	12,148	22,419	(1,565)	23,905	3,981	7,237	21,284	7,168
Others (Effect of Re-statement)	-	-	-	-	-	-	-	-	-	-	-	-
Inc. (Dec.) in Cash and Cash Equivalents	267,187,356	829,513	106,580	(597,310)	(67,598)	229,128	(405,964)	384,612	(260,793)	216,734	2,138	(14,020)
Beginning Cash and Cash Equivalents	823,723,000	1,090,910	1,920,423	2,027,003	1,429,693	1,362,095	1,591,223	1,185,259	1,569,871	1,309,078	1,525,812	1,527,950
Ending Cash and Cash Equivalents	#####	1,920,423	2,027,003	1,429,693	1,362,095	1,591,223	1,185,259	1,569,871	1,309,078	1,525,812	1,527,950	1,513,930

Footnotes

(1) FQ1-FQ2:99 adjusted for broadcast.com acquisition, accounted for as a pooling.
 (2) FQ1-FQ2:00 adjusted for eGroups acquisition, accounted for as a pooling. Prior periods not adjusted due to immateriality and lack of filings.
 Fiscal year ends in December. E = Morgan Stanley Research Estimates.

Source: Company data, Morgan Stanley Internet Research.

January 30, 2008
Yahoo!

Exhibit 13

Yahoo! Discounted Price-to-Earnings Valuation

(US\$ In Millions, Except per Share Data)

	Downside Revenue Growth			Model (Base) Revenue Growth			Upside Revenue Growth			
C2007-C2010E Revenue CAGR	8%			12%			15%			
Implied C2010E Revenue	\$6,401			\$7,112			\$7,823			
Net Margin Sensitivity	8%	9%	10%	8%	9%	10%	9%	10%	11%	
Implied C2010E Net Income	\$525	\$589	\$653	\$584	\$655	\$726	\$720	\$799	\$877	
Implied C2010E EPS	\$0.38	\$0.43	\$0.47	\$0.42	\$0.48	\$0.53	\$0.52	\$0.58	\$0.64	
C2007-C2010E EPS CAGR	(18%)	(15%)	(12%)	(15%)	(12%)	(9%)	(9%)	(6%)	(3%)	
Discount Rate	CY+1 P/E	Equity Value / Equity Value per Share (1)								
10%	30.0x	\$13,663 \$10	\$15,327 \$11	\$16,992 \$12	\$15,181 \$11	\$17,030 \$12	\$18,880 \$14	\$18,733 \$13	\$20,768 \$15	\$22,803 \$16
	35.0	\$15,940 \$11	\$17,882 \$13	\$19,824 \$14	\$17,711 \$13	\$19,869 \$14	\$22,027 \$16	\$21,856 \$16	\$24,229 \$17	\$26,603 \$19
	40.0	\$18,217 \$13	\$20,436 \$15	\$22,656 \$16	\$20,241 \$15	\$22,707 \$16	\$25,173 \$18	\$24,978 \$18	\$27,691 \$20	\$30,403 \$22
	45.0	\$20,494 \$15	\$22,991 \$17	\$25,488 \$18	\$22,771 \$16	\$25,546 \$18	\$28,320 \$20	\$28,100 \$20	\$31,152 \$22	\$34,204 \$25
	50.0	\$22,771 \$16	\$25,546 \$18	\$28,320 \$20	\$25,301 \$18	\$28,384 \$20	\$31,467 \$23	\$31,222 \$22	\$34,613 \$25	\$38,004 \$27
15%	30.0x	\$12,782 \$9	\$14,340 \$10	\$15,897 \$11	\$14,202 \$10	\$15,933 \$11	\$17,663 \$13	\$17,526 \$13	\$19,430 \$14	\$21,333 \$15
	35.0	\$14,913 \$11	\$16,729 \$12	\$18,546 \$13	\$16,570 \$12	\$18,588 \$13	\$20,607 \$15	\$20,447 \$15	\$22,668 \$16	\$24,888 \$18
	40.0	\$17,043 \$12	\$19,119 \$14	\$21,196 \$15	\$18,937 \$14	\$21,244 \$15	\$23,551 \$17	\$23,368 \$17	\$25,906 \$19	\$28,444 \$20
	45.0	\$19,173 \$14	\$21,509 \$15	\$23,845 \$17	\$21,304 \$15	\$23,899 \$17	\$26,495 \$19	\$26,289 \$19	\$29,144 \$21	\$31,999 \$23
	50.0	\$21,304 \$15	\$23,899 \$17	\$26,495 \$19	\$23,671 \$17	\$26,555 \$19	\$29,439 \$21	\$29,210 \$21	\$32,383 \$23	\$35,555 \$26
20%	30.0x	\$11,992 \$9	\$13,454 \$10	\$14,915 \$11	\$13,325 \$10	\$14,948 \$11	\$16,572 \$12	\$16,443 \$12	\$18,229 \$13	\$20,015 \$14
	35.0	\$13,991 \$10	\$15,696 \$11	\$17,400 \$13	\$15,546 \$11	\$17,440 \$13	\$19,334 \$14	\$19,184 \$14	\$21,267 \$15	\$23,351 \$17
	40.0	\$15,990 \$11	\$17,938 \$13	\$19,886 \$14	\$17,767 \$13	\$19,931 \$14	\$22,096 \$16	\$21,924 \$16	\$24,305 \$17	\$26,686 \$19
	45.0	\$17,989 \$13	\$20,180 \$15	\$22,372 \$16	\$19,987 \$14	\$22,423 \$16	\$24,858 \$18	\$24,665 \$18	\$27,344 \$20	\$30,022 \$22
	50.0	\$19,987 \$14	\$22,423 \$16	\$24,858 \$18	\$22,208 \$16	\$24,914 \$18	\$27,620 \$20	\$27,405 \$20	\$30,382 \$22	\$33,358 \$24

Footnotes

(1) Equity value per share based on treasury share method diluted share count as if implied valuation price was used for calculation.

Source: Morgan Stanley Internet Research estimates

January 30, 2008

Yahoo!

Exhibit 14

Yahoo! Discounted Cash Flow Analysis – First Pass

(US\$ in Millions, Except per Share Data)

	Projected Calendar Year ending December 31,										
	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E
Yahoo! Net Revenue	\$5,113	\$5,686	\$6,438	\$7,112	\$7,804	\$8,535	\$9,217	\$9,857	\$10,475	\$11,085	\$11,607
% Revenue Growth	12%	11%	13%	10%	10%	9%	8%	7%	6%	6%	5%
Yahoo! EBITDA	\$1,927	\$1,886	\$2,163	\$2,325	\$2,565	\$2,854	\$3,098	\$3,330	\$3,453	\$3,617	\$3,808
EBITDA as % of Revenue	38%	33%	34%	33%	33%	33%	34%	34%	33%	33%	33%
Cash Taxes from Operations (1)	(\$402)	(\$272)	(\$359)	(\$412)	(\$501)	(\$614)	(\$713)	(\$810)	(\$862)	(\$936)	(\$1,026)
Cash Tax Rate as % of EBITDA	21%	14%	17%	18%	20%	22%	23%	24%	25%	26%	27%
Capital Expenditures	(\$602)	(\$700)	(\$807)	(\$782)	(\$780)	(\$768)	(\$737)	(\$690)	(\$629)	(\$554)	(\$464)
As a % of Net Revenue	12%	12%	13%	11%	10%	9%	8%	7%	6%	5%	4%
% Y/Y Pure Capex Growth	(13%)	16%	15%	(3%)	(0%)	(2%)	(4%)	(6%)	(9%)	(12%)	(16%)
Change in Net Working Capital	\$366	\$168	\$95	\$192	\$168	\$167	\$205	\$224	\$300	\$269	\$238
Change in NWC as % of Revenue	7%	3%	1%	3%	2%	2%	2%	2%	3%	2%	2%
Unlevered Free Cash Flow	\$1,289	\$1,082	\$1,092	\$1,323	\$1,452	\$1,639	\$1,853	\$2,054	\$2,262	\$2,396	\$2,555
% Y/Y Growth	113%	-16%	1%	21%	10%	13%	13%	11%	10%	6%	7%

NPV at 12/31/07 Valuation Date at 12.0% Hurdle Rat

Perpetuity Growth Rate / Terminal Value at 12.0% Hurdle Rate				
5.0%	5.5%	6.0%	6.5%	7.0%
\$37,385	\$40,452	\$44,031	\$48,260	\$53,336

Terminal Value / Implied EBITDA Multiple				
10.3x	11.2x	12.2x	13.3x	14.7x
\$37,385	\$40,452	\$44,031	\$48,260	\$53,336

DCF VALUATION FOR 12/31/07 - 10 YEAR CASH FLOW	
NPV of Cash Flows	\$9,039
Plus: NPV of Terminal Value (6.0% Growth)	14,177
Plus: Cash, Equivalents and Equity Investments	2,367
Plus: Market Value of Y! Japan / Alibaba / Gmarket Invest	9,984
Less: Debt and Minority Interest	(762)
Implied Equity Value	\$34,806
Fully Diluted Shares Outstanding (MM) (2)	1,406
Implied Equity Value per Share (2)	\$25

Hurdle Rate	Equity Value as of 12/31/07				
	11.0%	\$36,390	\$37,866	\$39,638	\$41,803
11.5%	\$34,382	\$35,581	\$36,999	\$38,700	\$40,780
12.0%	\$32,666	\$33,654	\$34,806	\$36,168	\$37,802
12.5%	\$31,184	\$32,006	\$32,955	\$34,062	\$35,370
13.0%	\$29,891	\$30,583	\$31,373	\$32,284	\$33,348

Hurdle Rate	Equity Value per Share as of 12/31/07 (2)				
	11.0%	\$26	\$27	\$28	\$30
11.5%	\$24	\$25	\$26	\$28	\$29
12.0%	\$23	\$24	\$25	\$26	\$27
12.5%	\$22	\$23	\$23	\$24	\$25
13.0%	\$21	\$22	\$22	\$23	\$24

Footnotes

(1) Existing NOLs applied throughout forecast period.

(2) Equity value per share based on treasury share method diluted share count as if implied valuation price was used for calculation.

Assumptions

Revenue: DCF assumes a 9% C2007-C2017E revenue CAGR

EBITDA: Margin declines to ~33%

Working Capital: We estimate working capital as relatively neutral to valuation.

Capital Expenditures: We believe that Yahoo!'s capex requirements for search over time will be comparable to its peers; offset by the fact that capex requirements are relatively limited going forward.

Note: Given Yahoo!'s aggressive investment strategy and NOL usage, there will likely be ongoing volatility in unlevered FCF and working capital due to tax considerations associated with these transactions.

Hurdle Rate: Note that we use a Hurdle Rate rather than the Weighted Average Cost of Capital (WACC) as the discount rate for our DCF analysis. We believe that a Hurdle Rate is more appropriate because it more accurately reflects what we view as company-specific risks. We calculate the cost of equity at 12.0% based on a risk-free rate of 4.8% taken from the 10-Year U.S. Government Bond Yield as of 9/30/07; a risk premium of 4.5% from Morgan Stanley Economics Research estimates of expected equity risk premium; and Barra predicted beta of 1.60 as of 9/30/07. We calculate an after-tax cost of debt of 7.8%.

Methodology: In determining cash flows, we forecast out revenue, EBITDA, cash taxes, working capital changes, and capex through C2016E. Free cash flow in a year is equal to operating income plus depreciation & amortization plus stock compensation minus cash taxes from operations minus working capital uses minus capex. We then use the hurdle rate to calculate the present value of each year's free cash flow. The terminal value is the C2016E terminal adjusted free cash flow multiplied by the future growth rate and divided by the difference between the hurdle rate and the future growth rate. The net present value is the sum of the present value of all the free cash flows. To determine equity value per share, we subtract debt and add cash to the net present value and then divide by shares outstanding. We also include in equity value an adjusted market value of Yahoo!'s 34% stake in Yahoo! Japan, including a 15% liquidity discount, as opposed to the book value of the asset.

EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization; NPV = Net Present Value; NWC = Net Working Capital.

Source: Company data, Morgan Stanley Internet Research. E = Morgan Stanley Research Estimates.

January 30, 2008

Yahoo!

Company Description

Yahoo! Inc. provides Internet products and services to consumers and businesses through its worldwide network of online properties. Marketing services revenue is primarily generated from the sale of rich media advertisements, sponsorship and text-link advertisements, paid inclusion, algorithmic searches and transactions revenue. Properties and services reside in three areas: Search and Marketplace; Information and Content; and Communications and Consumer Services.

Internet & Consumer Software/United States of America

Industry View: Attractive

GICS Sector: Information Technology

Strategist's Recommended Weight: 13.4%

S&P 500 Weight: 15.6%



Morgan Stanley ModelWare is a proprietary analytic framework that helps clients uncover value, adjusting for distortions and ambiguities created by local accounting regulations. For example, ModelWare EPS adjusts for one-time events, capitalizes operating leases (where their use is significant), and converts inventory from LIFO costing to a FIFO basis. ModelWare also emphasizes the separation of operating performance of a company from its financing for a more complete view of how a company generates earnings.

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(as of December 31, 2007)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of IBC	Rating Category
Overweight/Buy	997	43%	324	44%	32%
Equal-weight/Hold	996	42%	309	42%	31%
Underweight/Sell	352	15%	96	13%	27%
Total	2,345		729		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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More volatile (V). We estimate that this stock has more than a 25% chance of a price move (up or down) of more than 25% in a month, based on a quantitative assessment of historical data, or in the analyst's view, it is likely to become materially more volatile over the next 1-12 months compared with the past three years. Stocks with less than one year of trading history are automatically rated as more volatile (unless otherwise noted). We note that securities that we do not currently consider "more volatile" can still perform in that manner.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

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Industry Coverage: Internet & Consumer Software

Company (Ticker)	Rating (as of)	Price (01/29/2008)
David A Joseph		
Intuit (INTU.O)	E-V (11/16/2007)	\$30.1
TechTarget, Inc. (TTGT.O)	E-V (06/26/2007)	\$13.73
Mary Meeker		
Amazon.com (AMZN.O)	O-V (03/18/2002)	\$73.95
CNET (CNET.O)	E-V (03/18/2002)	\$8.19
GSI COMMERCE (GSIC.O)	O-V (07/27/2006)	\$15.94
Google (GOOG.O)	O-V (09/28/2004)	\$550.52
Microsoft (MSFT.O)	E-V (04/28/2006)	\$32.6
Yahoo! (YHOO.O)	O-V (03/18/2002)	\$20.81
drugstore.com (DSCM.O)	E-V (03/18/2002)	\$2.96
eBay (EBAY.O)	O-V (07/10/2002)	\$26.12

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