

The history of Yandex dates back to 1989, when Mr.Volozh started working on search, which led to him establishing Arkadia Company in 1990, initially combining computer linguistics and morphology and providing the foundation for Yandex's technology. In 1993, our founders created Yandex as a search tool for the Russian language. Yandex was formally established as a stand alone company in 2000.

#### M I L E S T O N E S

##### **1989-1990**

Yandex technology was first developed in partnership with the linguists from the Academy of Sciences as a search system for the government of the Soviet Union

##### **1993-1994**

Developers tailor the system's linguistic capabilities to the Russian language

##### **1997**

Yandex.ru website is launched

##### **1998**

The company introduces the first contextual advertisements on the Russian Internet (among the first contextual advertising in the world), and places the first contextual banner on Yandex.ru

##### **2000**

Yandex runs the first commercial ever for an Internet company on Russian TV

##### **2000**

Yandex is one of first search engines to use «parallel» search technology (search results delivered from several sources in response to one search request)

##### **2000**

Yandex news search implements proprietary Fact Extraction technology, which streamlines search results

##### **2001**

Yandex launches the «Yandex Cup» search contest

##### **2003**

Yandex became profitable

# Fact sheet

---

## Overview

We are the leading internet company in Russia, operating the most popular search engine and the most visited website. In 2010, we generated 64% of all search traffic in Russia and were the largest Russian internet company by revenue. In Q2 2011, our average monthly search share was 64.6%. In June 2011, our yandex.ru website attracted 40.5 million unique visitors. We also operate in Ukraine, Kazakhstan and Belarus. We recently launched a web portal in Turkey. Our mission is to answer any question internet users may have. To that end, we utilize our capabilities in applied mathematics and data analysis and our in-depth knowledge of the languages, cultures and preferences of internet users in our markets to develop advanced search technology and information retrieval services. We also aggregate and organize extensive local, national and international content and offer a broad range of additional services. Our search and many of our services are location-based and are available in versions tailored for mobile and other digital platforms and devices.

Benefiting from Russia's long-standing educational focus on mathematics and engineering, we have drawn upon the considerable local talent pool to create a leading technology company. For over 20 years, our founding team has been developing and optimizing search technology, which has formed the core of our business and helped Yandex become one of the best known brands in Russia. Our users are our first priority, and we are committed to advancing our technology to continuously improve their internet experience.

Our search engine uses our proprietary algorithms to provide relevant results, which we structure and present in an editorially neutral and user-friendly manner. With a focus on our principal geographic markets, our search technology allows us to provide local search results in more than 1,400 cities. We also feature "parallel" search, which presents on a single page the results from both our main web index and our specialized information resources, including news, shopping, blogs, images and videos. Our search also includes feeds from leading blog hosting and social networking sites in Russia, including LiveJournal, Vkontakte and Facebook. We offer convenient access to our search engine through personal computers, mobile phones, tablets, and navigation and other digital devices. We

# Yandex is a long-time innovator in Internet technology and online business

## 2004

Yandex adopts «Clean Mail» concept — email free of spam, viruses and advertising. Launches its own sophisticated anti-spam feature and offers unlimited space for the user's mailbox (one of the first in the world)

## 2006

Yandex offers geographical targeting that allows users to limit their searches to a specific geographic region

## 2006

Yandex launches free, online, real-time traffic monitoring for Moscow

## 2005-2007

Yandex opens 4 new offices, two of them in Ukraine

## 2007

Yandex launches the Yandex School of Data Analysis

## 2007

Yandex introduces Ukrainian language support for its search engine as well as for its advertising service, Yandex.Direct

## 2007

Yandex launches the Yandex Local Network Program

## 2008

Yandex introduces search through international documents that may be of interest to the Russian-speaking audience

## 2009

Yandex launches music search

## 2009

Yandex launches MatrixNet, a new search platform using proprietary machine-learning algorithm

## 2010

Launch of global search on Yandex.com

## 2010

Yandex launches Yandex.Start — a program to help startups to develop with Yandex support, i.e., using Yandex technologies or content

## 2011

Yandex launches Yandex.Factory — our startup investment program

## 2011

Yandex goes public on the NASDAQ Global Select Market in May, 2011, under the ticker YNDX

## 2011

Yandex launches a web portal in Turkey

also offer a wide range of specialized search, personalized and location-based services, including Yandex.News, Yandex.Market, Yandex.Mail and Yandex.Maps.

Our homepage, which attracted 24.5 million unique visitors in June 2011, according to TNS, provides a gateway to the wealth of information available online. Users can find answers to their explicit questions through our search box, as well as their implicit questions through current news, weather and road traffic reports, TV and movie schedules, personal email and other services. Our homepage can easily be customized by users to address their individual interests.

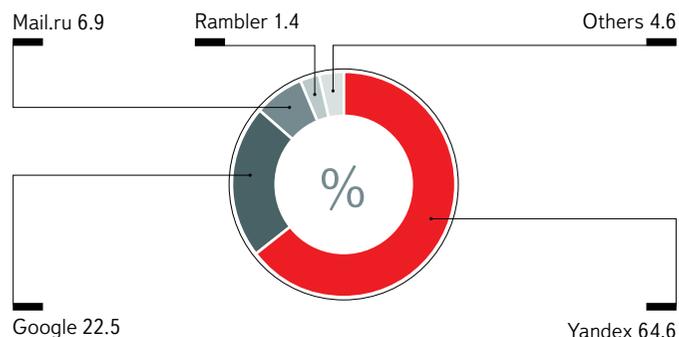
We derive substantially all of our revenues from online advertising. We enable advertisers to deliver targeted, cost-effective ads that are relevant to our users' needs, interests and locations. Most of our revenues are derived from text-based advertising, which uses keywords selected by our advertisers to deliver ads based on a particular user query, the content of a website or webpage being viewed, or user behavior or characteristics. We derive a smaller portion of our revenues from display advertising, which principally consists of graphical ads that appear on specific webpages. Our ads are clearly marked and separate from our organic search results and from the content of the webpages on which they may also appear. We do not serve intrusive ads, such as "pop-ups," that might detract from our users' experience.

In addition to serving ads on our own search results and other webpages, we deliver ads to the thousands of third-party websites that make up our Yandex ad network. Through our ad network, we generate revenue for both our network partners and us and extend the audience reach of our advertisers. Our Yandex.Direct service, the largest automated, auction-based system for the placement of text-based advertising in Russia, makes it easy for advertisers to bid for desired keywords and to obtain the best price for their ads. We served ads for more than 144,000 advertisers in the second quarter of 2011 compared with 103,000 in the second quarter of 2010; 180,000 advertisers in the full year 2010 and 131,000 in the full year 2009, including many small and medium-sized businesses throughout Russia and the other countries in which we operate.

# Yandex — the leading internet company in Russia, operating the most popular search engine and the most visited website

## Market Share

### SEARCH ENGINE TRAFFIC GENERATION IN RUSSIA



MARKET SHARE DATA IS MEASURED BY INDEPENDENT SOURCE (LIVEINTERNET.RU) AND SHOWS THE PERCENTAGE OF RUSSIAN USERS COMING TO RUSSIAN SITES VIA SEARCH ENGINES IN Q2 2011.

## Select Services

<b>Yandex.News</b>	Local, national and international news
<b>Yandex.Market</b>	Comparison shopping resource
<b>Yandex.Traffic</b>	Real time traffic monitoring system
<b>Yandex.Fotki</b>	Free photo hosting
<b>Yandex.Images</b>	Image search
<b>Yandex.Video</b>	Video search
<b>Metrica</b>	Advertising analysis tool
<b>Yandex.Money</b>	Online payment system
<b>Spamoborona</b>	Spam protection system
<b>Narod</b>	Free website hosting

## Organization

We currently lease a total of approximately 18,000 square meters in a single location in central Moscow that serves as our group headquarters. We also lease office space in the following Russian cities: St. Petersburg, Ekaterinburg, Kazan, Novosibirsk and Rostov-on-Don. In Ukraine, we lease offices in Kiev, Odessa and Simferopol. We also have an office in Palo Alto, California. As of June 30, 2011, we had over 3,000 full-time employees.

## Yandex offices

RUSSIA: Moscow, St. Petersburg, Rostov-on-Don, Ekaterinburg, Kazan, Novosibirsk  
 UKRAINE: Kiev, Odessa, Simferopol  
 USA: Palo Alto  
 TURKEY: Istanbul



## Management Team

<b>Arkady Volozh</b>	Principal founder and Chief Executive Officer
<b>Ilya Segalovich</b>	Co-founder and Chief Technology Officer
<b>Alexander Shulgin</b>	Chief Financial Officer
<b>Dmitry Barsukov</b>	Head of Corporate Finance
<b>Elena Kolmanovskaya</b>	Co-founder and Chief Editor
<b>Alexei Tretiakov</b>	Chief Sales Officer
<b>Max Kiselev</b>	Business Development Officer
<b>Dmitry Ivanov</b>	Chief Product Officer
<b>Mikhail Fadeev</b>	Co-founder and Chief System Operations Officer
<b>Alexey Mazurov</b>	Chief Development Officer
<b>Ekaterina Fadeeva</b>	Chief Legal Officer
<b>Anya Barski</b>	CEO of Yandex Labs and VP of Engineering Yandex
<b>Arkady Borkovsky</b>	CTO of Yandex Labs