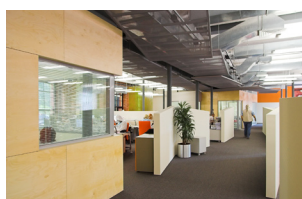
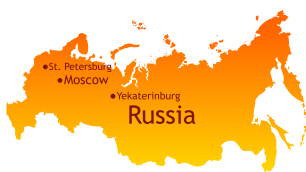


# Yandex - Russia's leading internet portal and search engine

## Overview

*Yandex offices in Russia and Ukraine.*



Yandex is a leading Internet portal and search engine in Russia with over 6 million unique visitors per day. The company is focused on the Russian-speaking audience. Its in-depth local knowledge of Russia gives it a clear competitive edge in the Russian Internet market.

Russia is expected to become one of the largest Internet markets in the world, and Yandex is well positioned to take advantage of future growth. Given the fact that Russia only represents half of the prospective Russian-speaking audience worldwide, Yandex is already actively targeting other regions where Russian is a prominent language, including Ukraine and the rest of the CIS.

The company offers many services specialized for Russian-speaking audiences, including its technologically advanced search engine. Yandex.ru features parallel search which displays results in a variety of data including images, news, maps, local addresses, blogs, merchandise, etc. all on one page. Some of Yandex's specialized services include blog hosting, e-mail and photo hosting (with free unlimited space), news feeds, a proprietary spam protection system (Spamoborona), free Web hosting (Narod), maps (including live traffic maps and satellite images of Moscow and several other Russian and Ukrainian cities), encyclopedias, dictionaries, comparison shopping system (Yandex.Market), online payment system (Yandex.Money), social networking web site (MoiKrug.ru), free hot spot network Yandex.WiFi and many more.

Yandex does a lot to promote the Internet in Russia and in the rest of the CIS. Since 2001, Yandex has been hosting the Yandex Open Internet Search Cup which showcases how useful the Internet can be as an information resource. Yandex has also developed and popularized a business model which led to the creation of Yandex.WiFi, the largest free hot-spot network in Russia. In order to educate advertisers about the benefits of and the technology behind context advertising, Yandex regularly hosts seminars throughout Russia and Ukraine. Following wishes of its Ukrainian users, Yandex implemented the Ukrainian language support within its search algorithm and its advertising platform Yandex.Direct and launched the portal [www.yandex.ua](http://www.yandex.ua).

To promote the research environment, Yandex started the Yandex School of Data Analysis, offering its students the expertise of the leading scientists, authors of fundamental research in the area of data analysis and free tuition to its first class of 80 master's degree students.

## Key Figures (FY 2006)

- Revenues increased 107% year-over-year to \$72.6 million
- Net profit was up 139% year-over-year to \$29.9 million
- OIBDA\* grew 130% year-over-year to \$43.1 million
- Number of Active Advertisers grew 45% year-over-year to >30,000 advertisers

\* Operating Income Before Depreciation and Amortization

## Organization

Along with its headquarters in Moscow, Yandex has development offices in St. Petersburg, Ekaterinburg and Kiev, and a subsidiary in Ukraine. The company currently has in excess of 800 employees.

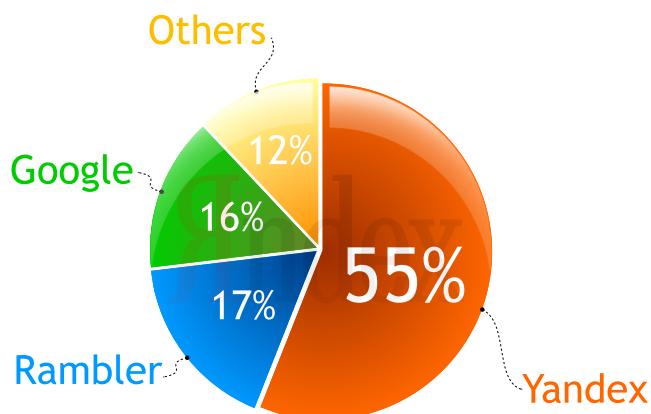
## Management Team

- Arkady Volozh – Co-founder and Chief Executive Officer
- Ilya Segalovich – Co-founder and Chief Technology Officer
- Nilesh Lakhani – Chief Financial Officer
- Elena Chebunina – Chief Accounting and Administrative Officer
- Elena Kolmanovskaya – Chief Editor
- Alexei Tretiakov – Chief Sales and Business Development Officer
- Dmitry Ivanov – Chief Product Officer
- Mikhail Fadeev – Chief System Operations Officer

## Market Share

«For many Russian-speaking people, the word 'Yandex' has become synonymous with the word 'Search.'»

### 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.

## Select Services

Yandex continually adds innovative services to meet the growing demand of Russian-speaking audiences.

- Yandex.News - Local, national and international news
- Yandex.Market - Comparison shopping resource
- Yandex.Traffic - Real time traffic monitoring system
- Yandex.Fotki - Free photo hosting
- Yandex.Blogs - Blog search engine
- MoiKrug.ru - Social networking site
- Yandex.Money - Online payment system
- Spamooborona - Spam protection system
- Yandex.WiFi - Largest free hot spot network in Russia
- Narod - Free Web hosting

## History

*«Yandex is a long-time innovator in Internet technology and online business».*

The history of Yandex dates back to 1990 when Arcadia Inc., which later became CompTek, initially combined computer linguistics and morphology providing the foundation for Yandex's technology. In 1993, the founders of CompTek created Yandex as a search mechanism for the Russian language. CompTek's founders formally established Yandex as a stand alone company in 2000.

- 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 first context advertisements on the Russian Internet (along with the pioneers of context advertising in the world), and places the first context banner on Yandex.ru
- 2000: Yandex runs the first commercial ever for an Internet company on Russian TV
- 2000: One of first search engines to use «parallel» search technology (search results delivered from several sources at one search request)
- 2000: Yandex news search implements proprietary Facts Extraction technology, which streamlines search results
- 2001: Launches «Yandex Cup» search contest
- 2002: Yandex breaks even financially
- 2004: Adopts «Clean Mail» concept – email free of spam, viruses and advertisement. Launches its own very sophisticated anti-spam feature and offers unlimited space for user's mailbox (one of the first in the world)
- 2005: Yandex.WiFi the free hot-spot network is launched
- 2006: Offers geographical targeting that allows users to limit their searches to a specific geographic region
- 2006: Launches free, online, real-time traffic monitoring for Moscow
- 2005-2007: Yandex opens 4 new offices, two of them in Ukraine
- 2007: Launches the Yandex School of Data Analyses
- 2007: Introduces the Ukrainian language support for its search engine as well as for its advertising service Yandex.Direct