

## Yandex – Russia’s largest internet search engine and a leading internet and technology company

### Overview

*Yandex offices in Russia, Ukraine and the USA.*



We operate Russia’s largest internet search engine and are a leading Russian internet and technology company. Our goal is to provide easy access to the wealth of information available online to answer any questions our Russian-speaking users may have. We rely on our in-depth understanding of the Russian language, culture and internet market to provide our users with sophisticated web search and information retrieval services. We also offer them a portal providing a range of other free services and extensive local, national and international information, including user-generated content, which we aggregate and structure in a neutral and user-friendly manner. We believe that putting the needs of our users first is the foundation for the success of our business.

Russian education has historically focused on science and technology, valuing strong applied mathematics and data analysis skills. From our start, we have benefited from this focus, drawing upon the considerable pool of technically proficient, local talent in Russia to create a leading technology company. For more than 15 years, our team has been developing and optimizing our web search and other technologies, earning the trust of our users and making Yandex one of the best known internet brands in Russia.

During the nine months of 2009, our flagship internet search engine was the largest in Russia, accounting for approximately 57% of all search traffic, according to Liveinternet.ru. Over that same time period, our portal generated a monthly average of almost 7 billion page views, including 1,700 million search results pages.

Our automated search technology gives our users nearly instantaneous access to information of interest to Russian speakers from our index of more than four billion web pages in Russian and other languages. Our search technology incorporates our thorough understanding of the complexities and nuances of the Russian language, which helps to improve the accuracy and relevance of our search results. We continually seek to improve our relevance algorithms to objectively determine the best answers to our users’ queries and to place these answers at the top of our search results. We also feature simultaneous, “parallel” searches of our main web index and our specialized information resources, including news, blogs, dictionaries, images and product listings. To maintain the integrity of our service and ensure the quality of our users’ experience, we do not accept payment for inclusion or placement in our search results.

In addition to our main search engine, we offer our users a number of additional ways to find relevant information to answer their questions. These include our Yandex.News aggregation service, the second largest online news service in Russia; our Yandex.Blogs search tool, which we believe is the largest blog search engine in Russia; Yandex.Maps, the largest online map service in Russia, which offers live traffic monitoring in Moscow and other cities; Yandex.Dictionaries, our online reference tool; Yandex.Market, our comparison shopping system; and Yandex.Weather. We aggregate content from many sources with which we have formal

agreements, and view our content providers as valued partners. Most of our services can be accessed from mobile devices, and we offer specific downloadable mobile applications to run some of our services. Many of these services are geographically targeted and make use of user-generated content, which we believe increases their relevance to both users and advertisers.

To further enhance our users' experience, we offer a range of additional free services and content, including Yandex.Mail with Spamooborona, our email hosting service with our proprietary spam filtering system; photo, video and website hosting and sharing; and Moi Krug, an online network for professionals. We also offer Yandex.Money, an online payment service to facilitate internet transactions, as well as a range of search utilities, including tools for servers and personal computers. We strive to offer the full range of services expected by our users and seek to regularly introduce new and improved services, as well as enhancements and additions to our existing offerings. We believe that these services improve our users' internet experience and increase the frequency and duration of their visits to our websites, thereby increasing the number of searches they conduct.

Advertising. We enable advertisers to deliver targeted, cost-effective online advertising that is both relevant to our users' needs and interests and clearly marked and separate from our search results and other content. We seek to ensure the relevance of the ads we deliver, with the goal of providing ads that serve as additional information resources for our users. We also believe that advertising should not detract from our users' internet experience and for this reason we do not allow "pop-up" or other intrusive forms of ads on our websites.

A large majority of our revenues are from text-based advertising. This form of advertising uses keywords selected by our advertisers to deliver ads based on the search results for a particular query, the content of a website or page being viewed, or user behavior or characteristics. We also generate revenue from the sale of display advertising.

We place advertising on our own websites, and also deliver text-based ads to the thousands of third-party websites that comprise the Yandex ad network, generating revenue for both us and the network members and extending the audience reach of our advertisers. Our Yandex.Direct service, the first and largest automated, auction-based system for the placement of text-based advertising in Russia, makes it easy for our advertising customers to bid for desired keywords and obtain the best price for their ads.

## Organization

We currently lease office space in Moscow, Saint Petersburg, Ekaterinburg, Kiev, Odessa and Burlingame (CA, USA), and operate data center facilities in Moscow and Moscow region, and have points-of-presence in Ekaterinburg, Novosibirsk, Saint Petersburg, Samara, Kiev and Frankfurt. As of September 30, 2009, we had over 1,600 full-time employees.

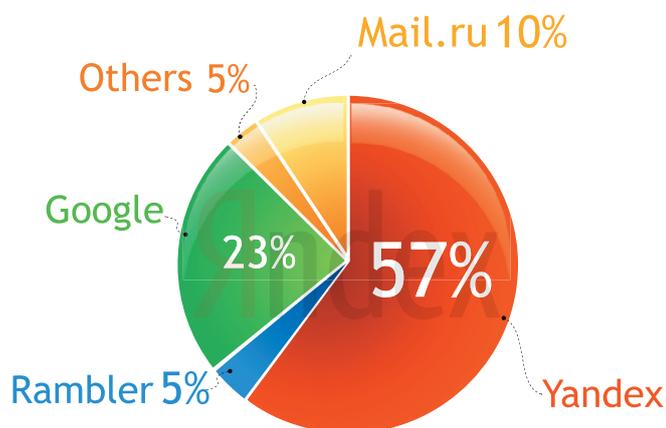
## Management Team

- Arkady Volozh – Principal founder and Chief Executive Officer
- Ilya Segalovich – Co-founder and Chief Technology Officer
- Nilesh Lakhani – Chief Financial Officer
- Elena Kolmanovskaya – Co-founder and Chief Editor
- Alexei Tretiakov – Chief Sales and Business Development Officer
- Dmitry Ivanov – Chief Product Officer
- Mikhail Fadeev – Co-founder and Chief System Operations Officer
- Alexey Mazurov – Chief Development Officer
- Dmitry Barsukov – Financial Director
- Arkady Borkovsky – CTO of Yandex Labs

## 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 for the nine months ending September 30, 2009.

## 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
- 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
- 2003: 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)
- 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
- 2007: Launches the Yandex Local Network Program
- 2008: Introduces search through the international documents that can be of interest of the Russian-speaking audience.