
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 6-K

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

July 28, 2016

YANDEX N.V.

Schiphol Boulevard 165

1118 BG Schiphol

Netherlands

+31 (0)20 206 6970

(Address, Including ZIP Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Furnished as Exhibit 99.1 to this Report on Form 6-K is a press release of Yandex N.V. dated July 28, 2016, announcing the Company's results for the second quarter ended June 30, 2016.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

YANDEX N.V.

Date: July 28, 2016

By: /S/ GREG ABOVSKY

Greg Abovsky
Chief Financial Officer

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INDEX TO EXHIBITS

| <u>Number</u> | <u>Description</u> |
|---------------|-------------------------------------------------------------------------------------------------------------------------------|
| 99.1 | Press Release of Yandex N.V. dated July 28, 2016, announcing the Company's results for the second quarter ended June 30, 2016 |

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Yandex Announces Second Quarter 2016 Financial Results

MOSCOW, Russia, and AMSTERDAM, the Netherlands, July 28, 2016 — Yandex (NASDAQ: YNDX), one of Europe's largest internet companies and the leading search provider in Russia, today announced its unaudited financial results for the second quarter ended June 30, 2016.

Q2 2016 Consolidated Financial Highlights(1)(2)

- **Revenues** of RUB 18.0 billion (\$280.7 million), up 30% compared with Q2 2015
- **Adjusted EBITDA** of RUB 6.8 billion (\$105.2 million), up 40% compared with Q2 2015, **adjusted EBITDA margin** of 37.5%
- **Adjusted net income** of RUB 3.9 billion (\$60.8 million), up 40% compared with Q2 2015, **adjusted net income margin** of 21.7%
- **Cash, cash equivalents, term deposits and short-term investments in debt securities** of RUB 62.9 billion (\$978.5 million) as of June 30, 2016

Q2 2016 Operational and Corporate Highlights

- **Share of Russian search market** (including mobile) averaged 57.0% in Q2 2016 compared to 57.6% in Q1 2016 (according to LiveInternet)
- **Search queries** in Russia grew 7% compared with Q2 2015
- Launched **Zen**, personalized content recommendation tool, within Yandex Browser

"We posted strong results in Q2'16 with notable contributions from our Taxi, Market, and Classifieds business units," said Arkady Volozh, Chief Executive Officer of Yandex. "Our expertise in data analysis and AI is fueling advances in ad targeting and driving the adoption of personalized products, such as Yandex Zen, by users in Russia and abroad."

"I am proud of our accomplishments across all the segments in Q2," said Alexander Shulgin, Chief Operating Officer of Yandex. "Our focus on mobile resulted in significant improvements in mobile monetization, and Yandex share on Android devices started to grow again in late June as a result of new distribution deals following the favorable FAS ruling in our case against Google."

The following table provides a summary of our key **consolidated financial results** for the three months and six months ended June 30, 2015 and 2016:

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|------------------------|-----------------------------|--------|--------|---------------------------|--------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Revenues | 13,920 | 18,040 | 30% | 26,259 | 34,513 | 31% |
| Ex-TAC revenues(2) | 10,898 | 14,486 | 33% | 20,520 | 27,569 | 34% |
| Income from operations | 2,196 | 3,517 | 60% | 3,682 | 5,957 | 62% |
| Adjusted EBITDA(2) | 4,817 | 6,762 | 40% | 8,388 | 12,532 | 49% |
| Net income | 423 | 2,058 | 387% | 2,550 | 3,127 | 23% |
| Adjusted net income(2) | 2,791 | 3,906 | 40% | 5,040 | 7,074 | 40% |

(1) Pursuant to SEC rules regarding convenience translations, Russian ruble (RUB) amounts have been translated into U.S. dollars at a rate of RUB 64.2575 to \$1.00, the official exchange rate quoted as of June 30, 2016 by the Central Bank of the Russian Federation.

(2) The following measures presented in this release are "non-GAAP financial measures": ex-TAC revenues; adjusted EBITDA; adjusted EBITDA margin; adjusted ex-TAC EBITDA margin; adjusted net income; adjusted net income margin and adjusted ex-TAC net income margin. Please see the section headed "Use of Non-GAAP Financial Measures" below for a discussion of how we define these measures, as well as reconciliations at the end of this release of each of these measures to the most directly comparable U.S. GAAP measures.

Consolidated revenues breakdown

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|-----------------------------------|-----------------------------|--------|--------|---------------------------|--------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Online Advertising Revenues: | | | | | | |
| Yandex websites | 10,110 | 12,562 | 24% | 19,079 | 23,966 | 26% |
| Advertising network | 3,451 | 4,740 | 37% | 6,545 | 9,168 | 40% |
| Total online advertising revenues | 13,561 | 17,302 | 28% | 25,624 | 33,134 | 29% |
| Other | 359 | 738 | 106% | 635 | 1,379 | 117% |
| Total revenues | 13,920 | 18,040 | 30% | 26,259 | 34,513 | 31% |

Online advertising revenues grew 28% compared with Q2 2015 and continued to drive overall top-line performance, contributing 96% of total revenues in Q2 2016. Online advertising revenues include revenues derived from text-based and display advertising on Yandex websites and in our ad network.

Online advertising revenues from Yandex websites increased 24% compared with Q2 2015 and accounted for 70% of total revenues during Q2 2016.

Online advertising revenues from our ad network increased 37% compared with Q2 2015 and contributed 26% of total revenues during Q2 2016, 150 basis points higher than in Q2 2015, but 60 basis points lower than in Q1 2016.

Other revenues grew 106% compared with Q2 2015, and were mainly driven by the growth of Yandex.Taxi revenues.

Paid clicks on Yandex's and its partners' websites, in aggregate, increased 13% compared with Q2 2015.

Our average **cost per click** grew 14% compared with Q2 2015.

Segment revenues:

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|-----------------------|-----------------------------|---------------|------------|---------------------------|---------------|------------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Revenues: | | | | | | |
| Search and Portal | 13,107 | 16,532 | 26% | 24,727 | 31,679 | 28% |
| E-commerce | 730 | 1,069 | 46% | 1,401 | 2,112 | 51% |
| Taxi | 194 | 528 | 172% | 355 | 973 | 174% |
| Classifieds | 211 | 313 | 48% | 390 | 554 | 42% |
| Experiments | 94 | 153 | 63% | 193 | 338 | 75% |
| Eliminations | (416) | (555) | 33% | (807) | (1,143) | 42% |
| Total Revenues | 13,920 | 18,040 | 30% | 26,259 | 34,513 | 31% |

Search and Portal segment includes all our services offered in Russia, Ukraine, Belarus and Kazakhstan, other than those, described below;

E-commerce segment includes our Yandex.Market service;

Taxi segment includes our Yandex.Taxi service;

Classifieds segment includes Auto.ru, Yandex.Realty, Yandex.Jobs and Yandex.Travel;

Experiments segment includes Media Services (including Kinopoisk, Yandex.Music, Yandex.Radio, Yandex.Tickets, Yandex.Afisha and Yandex TV program), Yandex Data Factory, Discovery services, including Yandex Zen and Yandex Launcher, and Search and Portal in Turkey.

Eliminations represent the elimination of transaction results between the reportable segments, primarily related to advertising.

Consolidated Operating Costs and Expenses

Yandex's operating costs and expenses consist of cost of revenues, product development expenses, sales, general and administrative expenses (SG&A), and depreciation and amortization expenses (D&A). Apart from D&A, each of the above expense categories includes personnel-related costs and expenses, relevant office space rental, and related share-based compensation expense. Increases across all cost categories reflect investments in overall growth. The total number of full-time employees was 5,559 as of June 30, 2016 — a net increase of 95 employees compared with March 31, 2016. Our headcount is up 2% from March 31, 2016, and up 2% from June 30, 2015.

Costs of revenues, including traffic acquisition costs (TAC)

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|--------------------------------------------------|-----------------------------|--------------|------------|---------------------------|--------------|------------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| TAC: | | | | | | |
| Related to the Yandex ad network | 2,113 | 2,641 | 25% | 3,979 | 5,136 | 29% |
| Related to distribution partners | 909 | 913 | 0% | 1,760 | 1,808 | 3% |
| Total TAC | 3,022 | 3,554 | 18% | 5,739 | 6,944 | 21% |
| <i>Total TAC as a % of total revenues</i> | <i>21.7%</i> | <i>19.7%</i> | | <i>21.9%</i> | <i>20.1%</i> | |
| Other cost of revenues | 960 | 1,142 | 19% | 1,956 | 2,256 | 15% |
| <i>Other cost of revenues as a % of revenues</i> | <i>6.9%</i> | <i>6.3%</i> | | <i>7.4%</i> | <i>6.5%</i> | |
| Total cost of revenues | 3,982 | 4,696 | 18% | 7,695 | 9,200 | 20% |
| <i>Total cost of revenues as a % of revenues</i> | <i>28.6%</i> | <i>26.0%</i> | | <i>29.3%</i> | <i>26.7%</i> | |

TAC grew 18% compared with Q2 2015 and represented 19.7% of total revenues in Q2 2016. This is 200 basis points lower than in Q2 2015 and 90 basis points lower than in Q1 2016. The slowdown in the growth of partner TAC was mostly due to changes in partner revenue mix and improvement in revenue sharing terms with some of our partners.

Other cost of revenues in Q2 2016 increased 19% compared with Q2 2015.

Product development

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|---------------------------|-----------------------------|--------------|--------|---------------------------|--------------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Product development | 3,300 | 3,794 | 15% | 6,647 | 7,671 | 15% |
| <i>As a % of revenues</i> | <i>23.7%</i> | <i>21.1%</i> | | <i>25.3%</i> | <i>22.2%</i> | |

Growth in product development costs in Q2 2016 primarily related to salary increases in early 2016 and increase in share-based compensation expense as described below.

Sales, general and administrative (SG&A)

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|-----------------------------------|-----------------------------|--------------|--------|---------------------------|--------------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Sales, general and administrative | 2,568 | 3,717 | 45% | 4,871 | 6,975 | 43% |
| <i>As a % of revenues</i> | <i>18.4%</i> | <i>20.6%</i> | | <i>18.5%</i> | <i>20.2%</i> | |

SG&A costs increased 45% compared to Q2 2015 as a result of growth in advertising and marketing expenses, aimed to support our segments, such as Taxi, e-Commerce and Classifieds.

Share-based compensation (SBC) expense

SBC expense is included in each of the cost of revenues, product development, and SG&A categories discussed above.

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|---------------------------------------------|-----------------------------|------|--------|---------------------------|-------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| SBC expense included in cost of revenues | 41 | 46 | 12% | 84 | 95 | 13% |
| SBC expense included in product development | 395 | 545 | 38% | 774 | 1,140 | 47% |
| SBC expense included in SG&A | 158 | 290 | 84% | 296 | 537 | 81% |
| Total SBC expense | 594 | 881 | 48% | 1,154 | 1,772 | 54% |
| As a % of revenues | 4.3% | 4.9% | | 4.4% | 5.1% | |

Total SBC expense increased 48% in Q2 2016 compared with Q2 2015. The increase is related to the material appreciation of the U.S. dollar in Q2 2016 versus Q2 2015 and to new equity-based grants made in 2015 and 2016.

Depreciation and amortization (D&A) expense

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|-------------------------------|-----------------------------|-------|--------|---------------------------|-------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Depreciation and amortization | 1,874 | 2,316 | 24% | 3,364 | 4,710 | 40% |
| As a % of revenues | 13.5% | 12.8% | | 12.8% | 13.6% | |

D&A expense increased 24% in Q2 2016 compared with Q2 2015. D&A expense grew significantly slower than in previous quarters, reflecting lower investments in new servers, compared with previous year.

As a result of the factors described above, **income from operations** was RUB 3.5 billion (\$54.7 million) in Q2 2016, a 60% increase from Q2 2015.

Adjusted EBITDA

Consolidated adjusted EBITDA

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|-----------------|-----------------------------|-------|--------|---------------------------|--------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Adjusted EBITDA | 4,817 | 6,762 | 40% | 8,388 | 12,532 | 49% |

Adjusted EBITDA by segments

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|-----------------------|-----------------------------|-------|--------|---------------------------|--------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Adjusted EBITDA: | | | | | | |
| Search and Portal | 4,897 | 6,927 | 41% | 8,482 | 12,838 | 51% |
| E-commerce | 411 | 325 | -21% | 804 | 705 | -12% |
| Taxi | 50 | (153) | -406% | 137 | (153) | -212% |
| Classifieds | 67 | 23 | -66% | 77 | 17 | -78% |
| Experiments | (608) | (360) | 41% | (1,112) | (875) | 21% |
| Total adjusted EBITDA | 4,817 | 6,762 | 40% | 8,388 | 12,532 | 49% |

Interest income, net in Q2 2016 was RUB 437 million, up from RUB 356 million in Q2 2015.

Foreign exchange loss in Q2 2016 was RUB 958 million, compared with a foreign exchange loss of RUB 1,869 million in Q2 2015. This loss reflects the appreciation of the Russian ruble during Q2 2016 from RUB 67.6076 to \$1.00 on March 31, 2016, to RUB 64.2575 to \$1.00 on June 30, 2016. Yandex's Russian operating subsidiaries' functional currency is the Russian ruble, and therefore changes due to exchange rate fluctuations in the ruble value of these subsidiaries' monetary assets and liabilities that are denominated in other currencies are recognized as foreign exchange gains or losses within Other loss, net line in the condensed consolidated statements of income. Although the U.S. dollar value of Yandex's U.S. dollar-denominated assets and liabilities was not impacted by these currency fluctuations, they resulted in a downward revaluation of the ruble equivalent of these U.S. dollar-denominated monetary assets and liabilities in Q2 2016.

Income tax expense for Q2 2016 was RUB 1,054 million, up from RUB 342 million in Q2 2015. Our effective tax rate of 33.9% in Q2 2016 was lower than in Q2 2015. Adjusted for SBC expense, our effective tax rate for Q2 2016 was 26.4%, compared with 22.7% in 2015 as adjusted for SBC expense and one-off effects in 2015. The increase in the adjusted effective tax rate was primarily driven by some provisions that we have taken related to certain past tax audits and a change in the contributions to our earnings before tax from different jurisdictions.

Adjusted net income in Q2 2016 was RUB 3.9 billion (\$60.8 million), a 40% increase from Q2 2015.

Adjusted net income margin was 21.7% in Q2 2016, compared with 19.2% in Q1 2016 and 20.1% in Q2 2015.

Net income was RUB 2.1 billion (\$32.0 million) in Q2 2016, up 387% compared with Q2 2015 when our net income was adversely affected by a weak macroeconomic environment, and increased operating expenses as a result of ruble depreciation.

As of June 30, 2016, Yandex had **cash, cash equivalents, term deposits and short-term investments in debt securities** of RUB 62.9 billion (\$978.5 million).

Net operating cash flow for Q2 2016 was an inflow of RUB 8.3 billion (\$129.3 million) and **capital expenditures** were RUB 2.5 billion (\$38.7 million).

In Q2 2016, there were no repurchases of our **1.125% convertible senior notes** due 2018.

The **total number of shares issued and outstanding** as of June 30, 2016 was 320,930,459, including 275,332,489 Class A shares, 45,597,969 Class B shares, and one Priority share and excluding 9,126,295 Class A shares held in treasury and all Class C shares outstanding solely as a result of the conversion of Class B shares into Class A shares; all such Class C shares will be cancelled. There were also employee share options outstanding to purchase up to an additional 3.0 million shares, at a weighted average exercise price of \$5.15 per share, all of which, excluding options for approximately 2,000 shares, were fully vested;

equity-settled share appreciation rights (SARs) for 0.2 million shares, at a weighted average measurement price of \$29.59, all of which, excluding SARs for approximately 6,000 shares, were fully vested; and restricted share units (RSUs) covering 8.2 million shares, of which RSUs to acquire 2.1 million shares were fully vested.

In May 2016, we offered the non-executive directors an opportunity to exchange their outstanding share option awards for new RSUs awards, based on an exchange ratio of 2:1. The replacement RSUs are subject to an additional 12-month vesting period beyond the original vesting schedule of the exchanged options. In addition, no exercise of the replacement RSUs will be permitted for a 12-month period starting the date of exchange. As a result of the exchange, 7 directors exchanged 196,000 share options for an aggregate of 98,000 RSUs in Q2 2016. This exchange is reflected in the outstanding equity award numbers as of June 30, 2016 set out above.

Please note, that historical information on revenues and adjusted EBITDA of our segments is provided in the supplementary slides accompanying our Q2 2016 earnings release and contains quarterly data for the six quarters from Q1 2015 through Q2 2016 and annual data for the three years from 2013 through 2015.

Financial outlook

Based on our strong H1 2016 results, we are raising revenue gross outlook for the calendar year 2016. We now expect our revenue to grow in the range of 19% to 22% in 2016 compared with 2015.

This outlook reflects our current view, based on the trends that we see at this time, and may change in light of market and economic developments in the business sectors and jurisdictions in which we operate.

Conference Call Information

Yandex's management will hold an earnings conference call on July 28, 2016 at 8:00 AM U.S. Eastern Time (3:00 PM Moscow time; 1:00 PM London time).

To access the conference call live, please dial:

US: +1 877 280 2342
UK/International: +44 20 3427 1912
Russia: 8 800 500 9311
Passcode: 697304#

A replay of the call will be available until August 3, 2016. To access the replay, please dial:

US: +1 866 932 5017,
UK/International: +44 20 3427 0598
Russia: 810 800 2870 1012
Passcode: 697304#

A live and archived webcast of this conference call will be available at

<http://edge.media-server.com/m/p/vwxu8t3a>

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ABOUT YANDEX

Yandex (NASDAQ:YNDX) is one of the largest European internet companies, providing a wide variety of search and other online services. Yandex's mission is to help users solve their everyday problems by building people-centric products and services. Based on innovative technologies, the company provides the most relevant, locally tailored experience on all digital platforms and devices. Yandex operates Russia's most popular search engine and also serves Ukraine, Belarus, Kazakhstan and Turkey.

More information on Yandex can be found at <https://yandex.com/company>.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements that involve risks and uncertainties. These include statements regarding our anticipated revenues for full-year 2016. Actual results may differ materially from the results predicted or implied by such statements, and our reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted or implied by such statements include, among others, macroeconomic and geopolitical developments affecting the Russian economy, competitive pressures, changes in advertising patterns, changes in user preferences, changes in the political, legal and/or regulatory environment, technological developments, and our need to expend capital to accommodate the growth of the business, as well as those risks and uncertainties included under the captions "Risk Factors" and "Operating and Financial Review and Prospects" in our Annual Report on Form 20-F for the year ended December 31, 2015, which is on file with the U.S. Securities and Exchange Commission (SEC) and is available on our investor relations website at <http://ir.yandex.com/sec.cfm> and on the SEC website at www.sec.gov. All information in this release and in the attachments is as of July 28, 2016, and Yandex undertakes no duty to update this information unless required by law.

USE OF NON-GAAP FINANCIAL MEASURES

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we present the following non-GAAP financial measures: ex-TAC revenues, adjusted EBITDA, adjusted EBITDA margin, adjusted ex-TAC EBITDA margin, adjusted net income, adjusted net income margin and adjusted ex-TAC net income margin. The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. For more information on these non-GAAP financial measures, please see the tables captioned "Reconciliations of non-GAAP financial measures to the nearest comparable U.S. GAAP measures", included following the accompanying financial tables. We define the various non-GAAP financial measures we use as follows:

- **Ex-TAC revenues** means U.S. GAAP revenues less total traffic acquisition costs (TAC)
- **Adjusted EBITDA** means U.S. GAAP net income plus (1) depreciation and amortization, (2) SBC expense, (3) accrual of expense related to the contingent compensation that may be payable to employees in connection with certain business combinations, (4) other loss, net and (5) provision for income taxes, less interest income, net
- **Adjusted EBITDA margin** means adjusted EBITDA divided by U.S. GAAP revenues
- **Adjusted ex-TAC EBITDA margin** means adjusted EBITDA divided by ex-TAC revenues
- **Adjusted net income** means U.S. GAAP net income plus (1) SBC expense adjusted for the income tax reduction attributable to SBC expense, (2) accrual of expense related to the contingent compensation that may be payable to certain employees in connection with certain business combinations, (3) amortization of debt discount related to our convertible debt adjusted for the related reduction in income tax, and (4) foreign exchange losses adjusted for the decrease in income tax attributable to the foreign exchange losses; less gain from repurchases of our convertible notes adjusted for the related increase in income tax
- **Adjusted net income margin** means adjusted net income divided by U.S. GAAP revenues
- **Adjusted ex-TAC net income margin** means adjusted net income divided by ex-TAC revenues

These non-GAAP financial measures are used by management for evaluating financial performance as well as decision-making. Management believes that these metrics reflect the organic, core operating performance of the company, and therefore are useful to analysts and investors in providing supplemental information that helps them understand, model and forecast the evolution of our operating business.

Although our management uses these non-GAAP financial measures for operational decision making and considers these financial measures to be useful for analysts and investors, we recognize that there are a number of limitations related to such measures. In particular, it should be noted that several of these measures exclude some costs, particularly share-based compensation, that are recurring. In addition, the components of the costs that we exclude in our calculation of the measures described above may differ from the components that our peer companies exclude when they report their results of operations.

Below we describe why we make particular adjustments to certain U.S. GAAP financial measures:

TAC

We believe that it may be useful for investors and analysts to review certain measures both in accordance with U.S. GAAP and net of the effect of TAC, which we view as comparable to sales commissions but, unlike sales commissions, are not deducted from U.S. GAAP revenues. By presenting revenue, adjusted EBITDA margin and adjusted net income margin net of TAC, we believe that investors and analysts are able to obtain a clearer picture of our business without the impact of the revenues we share with our partners.

SBC

SBC is a significant expense item, and an important part of our compensation and incentive programs. As it is a non-cash charge, however, and highly dependent on our share price at the time of equity award grants, we believe that it is useful for investors and analysts to see certain financial measures excluding the impact of these charges in order to obtain a clearer picture of our operating performance.

Acquisition-related costs

We may incur expenses in connection with acquisitions that are not indicative of our recurring core operating performance. In particular, we are required under U.S. GAAP to accrue as expense the contingent compensation that is payable to certain employees in connection with certain business combinations. We eliminate these acquisition-related expenses from adjusted EBITDA and adjusted net income to provide management and investors a tool for comparing on a period-to-period basis our operating performance in the ordinary course of operations.

Foreign exchange gains and losses

Because we hold significant assets and liabilities in currencies other than our Russian ruble operating currency, and because foreign exchange fluctuations are outside of our operational control, we believe that it is useful to present adjusted net income and related margin measures excluding these effects, in order to provide greater clarity regarding our operating performance.

Amortization of debt discount

We also adjust net income for interest expense representing amortization of the debt discount related to our convertible notes issued in Q4 2013 and Q1 2014. We have eliminated this expense from adjusted net income as it is non-cash in nature and is not indicative of our ongoing operating performance.

Gain from repurchases of convertible debt

Adjusted net income for Q2 2015 also excludes a gain from the repurchase of \$24.3 million in principal amount of our 1.125% convertible senior notes due 2018 for approximately \$21.4 million. We have eliminated this gain from adjusted net income as it is not indicative of our ongoing operating performance.

The tables at the end of this release provide detailed reconciliations of each non-GAAP financial measure we use to the most directly comparable U.S. GAAP financial measure.

YANDEX N.V.

Unaudited Condensed Consolidated Balance Sheets

(in millions of Russian rubles and U.S. dollars, except share and per share data)

| | December 31, 2015* | As of June 30, 2016 | June 30, 2016 |
|--------------------------------------------------------------------------------------------------------|-----------------------|---------------------------|------------------|
| | RUB | RUB | \$ |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 24,238 | 29,506 | 459.2 |
| Term deposits | 15,150 | 32,083 | 499.3 |
| Investments in debt securities | 2,915 | 1,285 | 20.0 |
| Accounts receivable, net | 5,586 | 5,637 | 87.7 |
| Prepaid expenses | 1,505 | 1,397 | 21.7 |
| Other current assets | 3,835 | 3,552 | 55.3 |
| Total current assets | 53,229 | 73,460 | 1,143.2 |
| Property and equipment, net | 20,860 | 19,638 | 305.6 |
| Intangible assets, net | 5,988 | 6,102 | 95.0 |
| Goodwill | 8,581 | 8,479 | 132.0 |
| Long-term prepaid expenses | 1,488 | 1,155 | 18.0 |
| Restricted cash, non-current | 533 | 469 | 7.3 |
| Term deposits, non-current | 18,399 | — | — |
| Investments in non-marketable equity securities | 1,122 | 1,435 | 22.3 |
| Deferred tax assets | 226 | 309 | 4.8 |
| Other non-current assets | 1,392 | 1,602 | 24.9 |
| TOTAL ASSETS | 111,818 | 112,649 | 1,753.1 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 6,994 | 8,174 | 127.2 |
| Taxes payable | 2,800 | 2,865 | 44.6 |
| Deferred revenue | 1,875 | 1,814 | 28.2 |
| Total current liabilities | 11,669 | 12,853 | 200.0 |
| Convertible debt | 27,374 | 23,249 | 361.8 |
| Deferred tax liabilities | 1,552 | 1,374 | 21.4 |
| Other accrued liabilities | 1,126 | 1,027 | 16.0 |
| Total liabilities | 41,721 | 38,503 | 599.2 |
| Commitments and contingencies | | | |
| Shareholders' equity: | | | |
| Priority share: €1.00 par value; 1 share authorized, issued and outstanding | — | — | — |
| Preference shares: €0.01 par value; 1,000,000,001 shares authorized, nil shares issued and outstanding | — | — | — |

| | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Ordinary shares: par value (Class A €0.01, Class B €0.10 and Class C €0.09); shares authorized (Class A: 1,000,000,000, Class B: 61,295,523 and 46,997,887 and Class C: 61,295,523 and 46,997,887); shares issued (Class A: 282,161,148 and 284,458,784, Class B: 47,895,605 and 45,597,969, and Class C: 12,000,000 and 14,297,636, respectively); shares outstanding (Class A: 271,356,566 and 275,332,489, Class B: 47,895,605 and 45,597,969, and Class C: nil) | 75 | 285 | 4.4 |
| Treasury shares at cost (Class A: 10,804,582 and 9,126,295, respectively) | (12,531) | (10,520) | (163.7) |
| Additional paid-in capital | 17,257 | 16,990 | 264.4 |
| Accumulated other comprehensive income | 3,099 | 2,067 | 32.2 |
| Retained earnings | 62,197 | 65,324 | 1,016.6 |
| Total shareholders' equity | 70,097 | 74,146 | 1,153.9 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 111,818 | 112,649 | 1,753.1 |

* Derived from audited consolidated financial statements

YANDEX N.V.

Unaudited Condensed Consolidated Statements of Income

(in millions of Russian rubles and U.S. dollars, except share and per share data)

| | Three months ended June 30, | | |
|-------------------------------------------------------------------|-----------------------------|-------------|-------------|
| | 2015 RUB | 2016 RUB | 2016 \$ |
| Revenues | 13,920 | 18,040 | 280.7 |
| Operating costs and expenses: | | | |
| Cost of revenues(1) | 3,982 | 4,696 | 73.1 |
| Product development(1) | 3,300 | 3,794 | 59.0 |
| Sales, general and administrative(1) | 2,568 | 3,717 | 57.9 |
| Depreciation and amortization | 1,874 | 2,316 | 36.0 |
| Total operating costs and expenses | 11,724 | 14,523 | 226.0 |
| Income from operations | 2,196 | 3,517 | 54.7 |
| Interest income, net | 356 | 437 | 6.8 |
| Other loss, net | (1,787) | (842) | (13.1) |
| Net income before income taxes | 765 | 3,112 | 48.4 |
| Provision for income taxes | 342 | 1,054 | 16.4 |
| Net income | 423 | 2,058 | 32.0 |
| Net income per Class A and Class B share: | | | |
| Basic | 1.33 | 6.42 | 0.10 |
| Diluted | 1.31 | 6.30 | 0.10 |
| Weighted average number of Class A and Class B shares outstanding | | | |
| Basic | 318,514,686 | 320,323,089 | 320,323,089 |
| Diluted | 323,533,386 | 326,836,136 | 326,836,136 |

(1)These balances exclude depreciation and amortization expenses, which are presented separately, and include share-based compensation expenses of:

| | | | |
|-----------------------------------|-----|-----|-----|
| Cost of revenues | 41 | 46 | 0.7 |
| Product development | 395 | 545 | 8.5 |
| Sales, general and administrative | 158 | 290 | 4.5 |

YANDEX N.V.

Unaudited Condensed Consolidated Statements of Income

(in millions of Russian rubles and U.S. dollars, except share and per share data)

| | Six months ended June 30, | | |
|--------------------------------------|---------------------------|-------------|------------|
| | 2015 RUB | 2016 RUB | 2016 \$ |
| Revenues | 26,259 | 34,513 | 537.1 |
| Operating costs and expenses: | | | |
| Cost of revenues(1) | 7,695 | 9,200 | 143.2 |
| Product development(1) | 6,647 | 7,671 | 119.4 |
| Sales, general and administrative(1) | 4,871 | 6,975 | 108.5 |
| Depreciation and amortization | 3,364 | 4,710 | 73.3 |
| Total operating costs and expenses | 22,577 | 28,556 | 444.4 |
| Income from operations | 3,682 | 5,957 | 92.7 |

| | | | |
|-------------------------------------------------------------------|-------------|-------------|-------------|
| Interest income, net | 840 | 960 | 14.9 |
| Other loss, net | (954) | (2,023) | (31.4) |
| Net income before income taxes | 3,568 | 4,894 | 76.2 |
| Provision for income taxes | 1,018 | 1,767 | 27.5 |
| Net income | 2,550 | 3,127 | 48.7 |
| Net income per Class A and Class B share: | | | |
| Basic | 8.02 | 9.78 | 0.15 |
| Diluted | 7.90 | 9.59 | 0.15 |
| Weighted average number of Class A and Class B shares outstanding | | | |
| Basic | 318,125,930 | 319,878,504 | 319,878,504 |
| Diluted | 322,884,490 | 326,019,560 | 326,019,560 |

(1) These balances exclude depreciation and amortization expenses, which are presented separately, and include share-based compensation expenses of:

| | | | |
|-----------------------------------|-----|-------|------|
| Cost of revenues | 84 | 95 | 1.5 |
| Product development | 774 | 1,140 | 17.7 |
| Sales, general and administrative | 296 | 537 | 8.4 |

YANDEX N.V.

Unaudited Condensed Consolidated Statements of Cash Flows

(in millions of Russian rubles and U.S. dollars)

| | Three months ended June 30, | | |
|-----------------------------------------------------------------------------------|-----------------------------|----------------|---------------|
| | 2015 RUB | 2016 RUB | 2016 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | 423 | 2,058 | 32.0 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation of property and equipment | 1,513 | 1,847 | 28.7 |
| Amortization of intangible assets | 361 | 469 | 7.3 |
| Amortization of debt discount and issuance costs | 218 | 225 | 3.5 |
| Share-based compensation expense | 594 | 881 | 13.7 |
| Deferred income taxes | 230 | (98) | (1.5) |
| Foreign exchange losses | 1,869 | 958 | 14.9 |
| Gain from repurchases of convertible debt | (40) | — | — |
| Other | (65) | (112) | (1.6) |
| Changes in operating assets and liabilities excluding the effect of acquisitions: | | | |
| Accounts receivable, net | 58 | (87) | (1.4) |
| Prepaid expenses and other assets | 1,212 | 689 | 10.7 |
| Accounts payable and accrued liabilities | 141 | 1,377 | 21.4 |
| Deferred revenue | (128) | 100 | 1.6 |
| Net cash provided by operating activities | 6,386 | 8,307 | 129.3 |
| CASH FLOWS USED IN INVESTING ACTIVITIES: | | | |
| Purchases of property and equipment and intangible assets | (4,026) | (2,486) | (38.7) |
| Proceeds from sale of property and equipment | 27 | 43 | 0.7 |
| Acquisitions of businesses, net of cash acquired | (118) | — | — |
| Investments in non-marketable equity securities | (43) | (22) | (0.3) |
| Proceeds from maturity of debt securities | 521 | — | — |
| Investments in term deposits | (18,683) | (12,157) | (189.2) |
| Maturities of term deposits | 9,114 | 8,310 | 129.3 |
| Loans granted | — | (50) | (0.8) |
| Net cash used in investing activities | (13,208) | (6,362) | (99.0) |
| CASH FLOWS (USED IN)/ PROVIDED BY FINANCING ACTIVITIES: | | | |
| Proceeds from exercise of share options | 63 | 164 | 2.6 |
| Repurchases of convertible debt | (1,336) | — | — |
| Net cash (used in)/provided by financing activities | (1,273) | 164 | 2.6 |
| Effect of exchange rate changes on cash and cash equivalents | (909) | (678) | (10.6) |
| Net change in cash and cash equivalents | (9,004) | 1,431 | 22.3 |
| Cash and cash equivalents at beginning of period | 18,434 | 28,075 | 436.9 |
| Cash and cash equivalents at end of period | 9,430 | 29,506 | 459.2 |

YANDEX N.V.

Unaudited Condensed Consolidated Statements of Cash Flows

(in millions of Russian rubles and U.S. dollars)

| | Six months ended June 30, | | |
|-----------------------------------------------------------------------------------|---------------------------|----------------|---------------|
| | 2015 RUB | 2016 RUB | 2016 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | 2,550 | 3,127 | 48.7 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation of property and equipment | 2,648 | 3,770 | 58.7 |
| Amortization of intangible assets | 716 | 940 | 14.6 |
| Amortization of debt discount and issuance costs | 491 | 487 | 7.6 |
| Share-based compensation expense | 1,154 | 1,772 | 27.6 |
| Deferred income taxes | (105) | (214) | (3.3) |
| Foreign exchange losses | 1,153 | 2,239 | 34.8 |
| Gain from repurchases of convertible debt | (150) | (53) | (0.8) |
| Other | (65) | (148) | (2.4) |
| Changes in operating assets and liabilities excluding the effect of acquisitions: | | | |
| Accounts receivable, net | (783) | (203) | (3.2) |
| Prepaid expenses and other assets | 661 | 1,200 | 18.7 |
| Accounts payable and accrued liabilities | (733) | 1,046 | 16.3 |
| Deferred revenue | (44) | (37) | (0.6) |
| Net cash provided by operating activities | 7,493 | 13,926 | 216.7 |
| CASH FLOWS USED IN INVESTING ACTIVITIES: | | | |
| Purchases of property and equipment and intangible assets | (8,862) | (3,941) | (61.3) |
| Proceeds from sale of property and equipment | 27 | 65 | 1.0 |
| Acquisitions of businesses, net of cash acquired | (186) | — | — |
| Investments in non-marketable equity securities | (54) | (242) | (3.8) |
| Proceeds from maturity of debt securities | 2,844 | — | — |
| Investments in term deposits | (21,910) | (33,842) | (526.7) |
| Maturities of term deposits | 15,375 | 32,979 | 513.2 |
| Loans granted | — | (106) | (1.6) |
| Escrow cash deposit | 58 | — | — |
| Net cash used in investing activities | (12,708) | (5,087) | (79.2) |
| CASH FLOWS USED IN FINANCING ACTIVITIES: | | | |
| Proceeds from exercise of share options | 91 | 210 | 3.3 |
| Repurchases of convertible debt | (2,717) | (1,490) | (23.2) |
| Payments of contingent consideration | — | (65) | (1.0) |
| Net cash used in financing activities | (2,626) | (1,345) | (20.9) |
| Effect of exchange rate changes on cash and cash equivalents | (374) | (2,226) | (34.6) |
| Net change in cash and cash equivalents | (8,215) | 5,268 | 82.0 |
| Cash and cash equivalents at beginning of period | 17,645 | 24,238 | 377.2 |
| Cash and cash equivalents at end of period | 9,430 | 29,506 | 459.2 |

Reconciliation of Ex-TAC Revenues to U.S. GAAP Revenues

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|---------------------------------------|-----------------------------|--------|--------|---------------------------|--------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Total revenues | 13,920 | 18,040 | 30% | 26,259 | 34,513 | 31% |
| Less: traffic acquisition costs (TAC) | 3,022 | 3,554 | 18% | 5,739 | 6,944 | 21% |
| Ex-TAC revenues | 10,898 | 14,486 | 33% | 20,520 | 27,569 | 34% |

Reconciliation of Adjusted EBITDA to U.S. GAAP Net Income

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|---------------------------------------------------------------|-----------------------------|-------|--------|---------------------------|--------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Net income | 423 | 2,058 | 387% | 2,550 | 3,127 | 23% |
| Add: depreciation and amortization | 1,874 | 2,316 | 24% | 3,364 | 4,710 | 40% |
| Add: share-based compensation expense | 594 | 881 | 48% | 1,154 | 1,772 | 54% |
| Add: compensation expense related to contingent consideration | 153 | 48 | -69% | 188 | 93 | -51% |
| Less: interest income, net | (356) | (437) | 23% | (840) | (960) | 14% |
| Add: other loss, net | 1,787 | 842 | -53% | 954 | 2,023 | 112% |
| Add: provision for income taxes | 342 | 1,054 | n/m | 1,018 | 1,767 | 74% |
| Adjusted EBITDA | 4,817 | 6,762 | 40% | 8,388 | 12,532 | 49% |

Reconciliation of Adjusted Net Income to U.S. GAAP Net Income

| In RUB millions | Three months ended June 30, | | | Six months ended June 30, | | |
|---------------------------------------------------------------|-----------------------------|-------|--------|---------------------------|-------|--------|
| | 2015 | 2016 | Change | 2015 | 2016 | Change |
| Net income | 423 | 2,058 | 387% | 2,550 | 3,127 | 23% |
| Add: SBC expense | 594 | 881 | 48% | 1,154 | 1,772 | 54% |
| Less: reduction in income tax attributable to SBC expense | (11) | (10) | -9% | (20) | (24) | 20% |
| Add: compensation expense related to contingent consideration | 153 | 48 | -69% | 188 | 93 | -51% |

| | | | | | | |
|---------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|------|
| consideration | | | | | | |
| Add: foreign exchange loss | 1,869 | 958 | -49% | 1,153 | 2,239 | 94% |
| Less: decrease in income tax attributable to foreign exchange loss | (374) | (198) | -47% | (247) | (458) | 85% |
| Less: gain from repurchases of convertible debt | (40) | — | -100% | (150) | (53) | -65% |
| Add: increase in income tax attributable to gain from repurchases of convertible debt | 11 | — | -100% | 38 | 13 | -66% |
| Add: amortization of debt discount | 218 | 225 | 3% | 491 | 487 | -1% |
| Less: reduction in income tax attributable to amortization of debt discount | (52) | (56) | 8% | (117) | (122) | 4% |
| Adjusted net income | 2,791 | 3,906 | 40% | 5,040 | 7,074 | 40% |

YANDEX N.V.

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES
TO THE NEAREST COMPARABLE U.S. GAAP MEASURES

Reconciliation of Adjusted EBITDA Margin and Adjusted Ex-TAC EBITDA Margin to U.S. GAAP Net Income Margin

| In RUB millions | U.S. GAAP Actual Net Income | Net Income Margin (1) | Adjustment (2) | Adjusted EBITDA | Adjusted EBITDA Margin (3) | Adjusted Ex-TAC EBITDA Margin (4) |
|----------------------------------|-----------------------------|-----------------------|----------------|-----------------|----------------------------|-----------------------------------|
| Three months ended June 30, 2016 | 2,058 | 11.4% | 4,704 | 6,762 | 37.5% | 46.7% |
| Six months ended June 30, 2016 | 3,127 | 9.1% | 9,405 | 12,532 | 36.3% | 45.5% |

(1) Net income margin is defined as net income divided by total revenues.

(2) Adjusted to eliminate depreciation and amortization expense, SBC expense, expense related to contingent compensation, interest income, net, other loss, net, and provision for income taxes. For a reconciliation of adjusted EBITDA to net income, please see the table above.

(3) Adjusted EBITDA margin is defined as adjusted EBITDA divided by total revenues.

(4) Adjusted ex-TAC EBITDA margin is defined as adjusted EBITDA divided by ex-TAC revenues. For a reconciliation of ex-TAC revenues to GAAP revenues, please see the table above.

Reconciliation of Adjusted Net Income Margin and Adjusted Ex-TAC Net Income Margin to U.S. GAAP Net Income Margin

| In RUB millions | U.S. GAAP Actual Net Income | Net Income Margin (1) | Adjustment (2) | Adjusted Net Income | Adjusted Net Income Margin (3) | Adjusted Ex-TAC Net Income Margin (4) |
|----------------------------------|-----------------------------|-----------------------|----------------|---------------------|--------------------------------|---------------------------------------|
| Three months ended June 30, 2016 | 2,058 | 11.4% | 1,848 | 3,906 | 21.7% | 27.0% |
| Six months ended June 30, 2016 | 3,127 | 9.1% | 3,947 | 7,074 | 20.5% | 25.7% |

(1) Net income margin is defined as net income divided by total revenues.

(2) Adjusted to eliminate SBC expense (as adjusted for the income tax reduction attributable to SBC expense), expense related to contingent compensation, foreign exchange losses (as adjusted for the decrease in income tax attributable to the losses) and amortization of debt discount (as adjusted for the reduction in income tax attributable to the expense). For a reconciliation of adjusted net income to net income, please see the table above.

(3) Adjusted net income margin is defined as adjusted net income divided by total revenues.

(4) Adjusted ex-TAC net income margin is defined as adjusted net income divided by ex-TAC revenues. For a reconciliation of ex-TAC revenues to U.S. GAAP revenues, please see the table above.