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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

December 10, 2013

YANDEX N.V.

Laan Copes van Cattenburch 52
The Hague, the Netherlands, 2585 GB. Tel: +31-70-3454700

(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 _X_ 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) :

Filed as Exhibit 99.1 to this Report on Form 6-K are the Amended Articles of Association of Yandex N.V. (the "Company"), dated May 22, 2013.

Furnished as Exhibit 99.2 to this Report on Form 6-K are the unaudited condensed consolidated financial statements for the three and nine months periods ended September 30, 2013 and 2012; as Exhibit 99.3 to this Report on Form 6-K is "Management's Discussion and Analysis of Financial Condition and Results of Operations" with respect to the nine months ended September 30, 2013; and as Exhibit 99.4 to this Report on Form 6-K are certain Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable U.S. GAAP Measures.

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.

By: /s/ ALEXANDER SHULGIN

Alexander Shulgin
Chief Financial Officer

Date: December 10, 2013

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99.1	Amended Articles of Association of Yandex N.V., dated May 22, 2013.
99.2	Unaudited condensed consolidated financial statements for the three and nine months periods ended September 30, 2013 and 2012.
99.3	Management's Discussion and Analysis of Financial Condition and Results of Operations with respect to the nine months ended September 30, 2013.
99.4	Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable U.S. GAAP Measures.

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EXHIBIT 99.1

VAN DOORNE N.V.

TB/SH/60007213

In this translation an attempt has been made to be as literal as possible without jeopardising the overall continuity. Inevitably, differences may occur in translation, and if so, the Dutch text will by law govern

AMENDMENT TO THE ARTICLES OF ASSOCIATION OF YANDEX N.V.

Today, the twenty-second day of May two thousand and thirteen, appears before me, Siego Boslooper, candidate civil-law notary, hereinafter referred to as: “civil-law notary”, acting as deputy of Daan ter Braak, civil-law notary practising in Amsterdam (the Netherlands):

Sanne Elizabeth Hermans, born in Den Helder (the Netherlands) on the thirtieth day of June nineteen hundred eighty-four, with office address at Jachthavenweg 121, 1081 KM Amsterdam (the Netherlands).

The appearer declares that:

· the general meeting of shareholders of **Yandex N.V.**, a company limited by shares (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its registered office in ‘s-Gravenhage (the Netherlands) and its business office at Laan Copes van Cattenburch 52, 2585 GB ‘s-Gravenhage (the Netherlands), registered with the trade register of the Chambers of Commerce under number 27265167 (the “**Company**”), has resolved on the twenty-first day of May two thousand and thirteen to (i) amend the articles of association of the company as stated hereinafter and (ii) authorise the appearer to execute this deed, which resolutions appear from the shareholders’ resolution attached to this deed as **Exhibit I**;

· the articles of association of the company were established by deed of amendment, executed on the twenty-first day of May two thousand and twelve, by me, civil-law notary.

In order to carry out the (legal) acts contemplated in the shareholders’ resolution, the appearer, acting in the aforementioned capacity, declares to amend the articles of association of the company as follows:

ARTICLES OF ASSOCIATION

Definitions.

Article 1.

1. In the Articles of Association the following words and expressions shall have the meaning hereby assigned to them:

   a. “**Affiliate**” means, with respect to an Initial Qualified Holder that is not a natural person: (a) a natural person or legal entity that, directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Initial Qualified Holder (a “**Direct Affiliate**”); (b) subject to the limitations set forth in the fourth paragraph of this definition, any direct or indirect beneficial holder (as of the tenth day of October two thousand and eight) of the securities or other membership interests of (x) any Initial Qualified Holder or (y) any party that was (as of the tenth day of October two thousand and eight) a Direct Affiliate of such Initial Qualified Holder, in each case to the extent of its pro rata beneficial interest in the Class B Ordinary Shares held directly or indirectly by such Initial Qualified Holder or Direct Affiliate as of the tenth day of October two thousand and eight (a “**Qualified Beneficial Holder**”), (c) any legal entity that is under common investment control with, or acts solely as bare nominee holder on behalf of, such Initial Qualified Holder, any Direct Affiliate or any Qualified Beneficial Holder, and (d) where such Initial Qualified Holder is an estate or tax planning vehicle (including a trust, corporation and partnership) any direct or indirect beneficiary thereof (as of the tenth day of October two thousand and eight) to the extent of its pro rata beneficial interest in the Class B Ordinary Shares held by such Initial Qualified Holder as of the tenth day of October two thousand and eight.

   The term “control” shall mean the ownership, directly or indirectly, of shares possessing more than fifty percent (50%) of the voting power of a legal entity, or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such legal entity; provided that, for purposes of clause (a) of the first paragraph of this definition, all voting power held by entities under common control (including investment funds under common investment control) shall be aggregated together and attributed to each other such entity under common control for the purpose of determining the voting power percentage of each such entity.

   The term “investment control” shall mean, with respect to any person, the possession, directly or indirectly (whether through the ownership of voting securities, by contract or otherwise), of the sole and exclusive power to direct or cause the direction of the voting or disposition of all securities held by such person. Two entities shall be considered to be under common investment control if they are subject to investment control by the same party.

   Notwithstanding the foregoing, (x) in no event shall a limited partner of (or comparable passive investor in) any entity be deemed to be an Affiliate of such entity pursuant to clauses (b) and (c) of the first paragraph of this definition; (y) a party shall cease to qualify as an Affiliate for purposes of clause (a) of the first paragraph of this definition if it ceases to control, be controlled by, or be under common control with, such Initial Qualified Holder; and (z) a party shall cease to qualify as an Affiliate for purposes of clause (c) of the first paragraph of this definition if it ceases to be under common investment control with, or to act as bare nominee for, such Initial Qualified Holder, Direct Affiliate or Qualified Beneficial Holder. For the avoidance of doubt, any entity incorporated, formed, organized, created or acquired after the tenth day of October two thousand and eight shall itself be eligible to meet the definition of Affiliate for purposes hereof;

b. "**Affiliated Party**" means: with respect to any party, any other natural person or legal entity that (a) directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such party (and/or, in the case of any Initial Qualified Holder, any Affiliate of such Initial Qualified Holder), (b) is acting in concert with such party (and/or, in the case of any Initial

Qualified Holder, any Affiliate of such Initial Qualified Holder) pursuant to a voting agreement or other formal arrangement with respect to the acquisition, disposition or voting of Shares (other than the Shareholders Agreement) or (c) is a pledgee of Ordinary Shares held by such party (and/or, in the case of any Initial Qualified Holder, any Affiliate of such Initial Qualified Holder) that is entitled to exercise the voting rights pertaining to such Ordinary Shares. For purposes hereof, the term "**control**" shall have the meaning set forth in the definition of Affiliate;

c. "**Articles of Association**" means: the articles of association of the Company in their current form and as amended from time to time;

d. "**Book 2**" means: Book 2 of the Dutch Civil Code;

e. "**Board of Directors**" means: the body of persons/individual person(s) controlling the management of the Company's business consisting of Executive Directors and Non-Executive Directors as referred to in Article 12;

f. "**Class A Ordinary Shares**" means: class A ordinary shares in the capital of the Company;

g. "**Class B Ordinary Shares**" means: class B ordinary shares in the capital of the Company;

h. "**Class C Ordinary Shares**" means: class C ordinary shares in the capital of the Company;

i. "**Company**" means: the corporate legal entity governed by these Articles of Association;

j. "**Conversion Foundation**" means: Stichting Yandex Conversion, a foundation incorporated under Dutch law with statutory seat in The Hague and its business office at Laan Copes van Cattenburch 52, 2585 GB The Hague (the Netherlands);

k. "**Direct Affiliate**" has the meaning giving to such term in the definition of Affiliate;

l. "**Excess Shares**" means: any Ordinary Shares held or to be acquired or subscribed for in excess of the applicable Ownership Cap;

m. "**Executive Director**" means: a member of the Board of Directors being appointed as executive director (*uitvoerend bestuurder*) and as such entrusted with the responsibility for the day-to-day management of the Company;

n. "**General Meeting**" means: the members constituting the general meeting, and also: meetings of that body of members;

o. "**Initial Qualified Holder**" means, in relation to any Class B Ordinary Share: (a) the person holding such Class B Ordinary Share pursuant to the conversion into Class B Ordinary Shares of ordinary shares in the capital of the Company on the tenth day of October two thousand eight and (b) any party that was a record holder of Internet Search Investments Limited ("**ISIL**"), a Bermuda company, as of the twenty-sixth day of August two thousand and eight and has Class B Ordinary Shares distributed to it by ISIL prior to the execution of this Deed pro rata to such party's beneficial indirect interest in the Company on the twenty-sixth day of August two thousand and eight;

p. "**Meeting of holders of Class A Ordinary Shares**" means: the meeting of holders of Class A Ordinary Shares;

q. "**Meeting of holders of Class B Ordinary Shares**" means: the meeting of holders of Class B Ordinary Shares;

r. "**Meeting of holders of Class C Ordinary Shares**" means: the meeting of holders of Class C Ordinary Shares;

s. "**Meeting of holders of Preference Shares**" means: the meeting of holders of Preference Shares;

t. "**Meeting of the holder of the Priority Share**" means: the meeting of the holder of the Priority Share;

u. "**Non-Executive Director**" means: a member of the Board of the Directors appointed as non-executive director (*niet-uitvoerend bestuurder*) not being entrusted with the responsibility for the day-to-day management of the Company;

v. "**Non-Qualified B Holder**" with respect to any Class B Ordinary Share, means: anyone who is not a Qualified B Holder of such Class B Ordinary Share or ceases to be a Qualified B Holder of such Class B Ordinary Share (including, for the avoidance of doubt, a legal holder of a Class B Ordinary Share that has Transferred such Class B Ordinary Share other than to a Permitted Transferee);

w. "**Ordinary Shares**" means: Class A Ordinary Shares, Class B Ordinary Shares and Class C Ordinary Shares;

x. "**Ownership Cap**" means: the lesser of (a) twenty-five percent (25%) of the voting rights pertaining to the issued Class A Ordinary Shares and Class B Ordinary Shares (taken together) of the Company from time to time or (b) twenty-five percent (25%) of the number of issued Class A Ordinary Shares and Class B Ordinary Shares (taken together) from time to time.

Notwithstanding the foregoing, (x) in the event that both the Board of Directors and the Priority have approved a holding of Excess Shares by a party as a result of a Triggering Event pursuant to the terms of the Articles of Association, the Ownership Cap in respect of such party, together with its Affiliated Parties, shall, following the date of such approval, be increased by the number of Excess Shares so approved; and (y) in the event of an increase in a Shareholder's proportionate ownership or voting interest occurring solely as a result of changes in the share capital structure of the Company (including, without limitation, share splits, capital reorganisations, share dividends, share repurchases, conversions of Class B Ordinary Shares pursuant to the terms of Article 4B, and similar events or transactions), the Ownership Cap in respect of such Shareholder, together with its Affiliated Parties, shall, following the date of such event, be increased by the number of Excess Shares resulting from such event;

y. "**Permitted Transferee**" in relation to any Class B Ordinary Share held by an Initial Qualified Holder means:

(i) such Initial Qualified Holder (as transferee of any Class B Ordinary Share retransferred to such Initial Qualified Holder from its Permitted Transferee);

(ii) with respect to any such Initial Qualified Holder that is a natural person, any estate or tax planning vehicle (including a trust, corporation and partnership), the beneficiaries of which include such Initial Qualified Holder and/or members of the immediate family of such Initial Qualified

Holder, provided that such Initial Qualified Holder retains (subject to any community or spousal property laws) sole voting and dispositive power over such Class B Ordinary Share, and provided further that the Transfer to such estate or tax planning vehicle does not involve payment of any consideration (other than the interest in such trust, corporation, partnership or other estate or tax planning vehicle); and

(iii) with respect to any such Initial Qualified Holder that is not a natural person, any Affiliate of such Initial Qualified Holder; provided however that any such party that ceases to be an Affiliate shall cease to be a Permitted Transferee.

For purposes of the definition of "Triggering Event", each reference to "Class B Ordinary Shares" in the foregoing definition (and in the definition of each term used therein) shall be deemed to be a reference to "Ordinary Shares";

z. "**Potential Acquiror**" has the meaning set forth in paragraph 11 of Article 4C;

aa. "**Preference Shares**" means: preference shares in the capital of the Company;

bb. "**Priority**" means: the corporate body (*orgaan*) constituted by the Meeting of holder of the Priority Share;

cc. "**Priority Share**" means: the priority share in the capital of the Company;

dd. "**Qualified B Holder**" means, in relation to any Class B Ordinary Share: the Company, the Initial Qualified Holder of such Class B Ordinary Share and any Permitted Transferee thereof, in each case provided that (i) such person has become a party to, and is not in material continuing breach of, the Shareholders Agreement and (ii) such Class B Ordinary Share has not been Transferred (including by way of a transfer of the legal holder thereof), other than to a Permitted Transferee;

ee. "**Qualified Beneficial Holder**" has the meaning giving to such term in the definition of Affiliate;

ff. "**Shares**" means: Ordinary Shares, the Priority Share and Preference Shares;

gg. "**Shareholder(s)**" means: any holder(s) of Shares;

hh. "**Shareholders Agreement**" means: the shareholders agreement among the holders of Ordinary Shares and the Conversion Foundation, dated as of the fourteenth day of October two thousand eight, as amended from time to time in accordance with the terms thereof;

ii. "**Subsidiary(ies)**" means: (a) subsidiary(ies) (*dochtermaatschappij(en)*) as defined in section 24a of Book 2; and

jj. "**Transfer**" when used in relation to an Ordinary Share, means: any direct or indirect sale, assignment, transfer under general or specific title (*algemene of bijzondere titel*), conveyance, grant of any form of security interest (other than as explicitly provided in this definition), or other transfer or disposition of an Ordinary Share or any legal or beneficial interest therein, whether or not for value and whether voluntary or involuntary or by operation of law. A "Transfer" of an Ordinary Share shall also include, without limitation, the transfer of, or entering into a binding agreement with respect to, voting control over an Ordinary Share by proxy or otherwise; provided, however, that the following shall not be considered a "Transfer" of an Ordinary Share: (a) the granting of a power of attorney to persons designated by the Board of Directors of the Company in connection with actions to be taken at a General Meeting of

Shareholders; (b) entering into the Shareholders Agreement or any amendment thereof; (c) solely with respect to Class B Ordinary Shares, the entering into or amendment, solely by and among a Qualified B Holder and one or more of its Permitted Transferees, of a binding agreement with respect to voting control over a Class B Ordinary Share; or (d) solely with respect to Class B Ordinary Shares, the pledge of Class B Ordinary Shares by a Qualified B Holder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction so long as the Qualified B Holder continues to exercise voting control over such pledged shares; provided, however, that a foreclosure on such Ordinary Shares or other similar action by the pledgee shall constitute a "Transfer" of an Ordinary Share; and

kk. "**Triggering Event**" means: any direct or indirect Transfer of Ordinary Shares after the twenty-sixth day of August two thousand and nine (other than to a Permitted Transferee of such Ordinary Shares) or acquisition of Shares (including by Transfer or subscription and, for the avoidance of doubt, as a result of a change of control of, or a merger or business combination involving, one or more legal or beneficial owners of a Share). For the avoidance of doubt, the term Triggering Event excludes changes in proportionate ownership or voting interest occurring solely as a result of changes in the share capital structure of the Company (including, without limitation, share splits, capital reorganisations, share dividends, share repurchases, conversions of Class B Ordinary Shares pursuant to the terms of Article 4B, and similar events or transactions).

2. The expressions "written" and "in writing" used in these Articles of Association mean: communications sent by post, telefax, e-mail or by any other means of telecommunication capable of transmitting written text, unless Dutch statutory law prescribes otherwise.

Name and Registered Office.

Article 2.

1. The Company is a limited liability company and its name is: **Yandex N.V.**

2. The Company has its registered office in **Amsterdam** (the Netherlands).

   The Company may have branch offices elsewhere, also outside of the Netherlands.

Objects.

Article 3.

1. The objects for which the Company is established are:

   a. either alone or jointly with others to acquire and dispose of participations or other interests in bodies corporate, companies and enterprises, to collaborate with and to manage such bodies corporate, companies or enterprises;

   b. to acquire, manage, turn to account, encumber and dispose of any property - including intellectual property rights - and to invest capital;

   c. to supply or procure the supply of money loans, particularly - but not exclusively - loans to bodies corporate and companies which are Subsidiaries and/or affiliates of the Company or in which the Company holds any interest - all this subject to the provision in paragraph 2 of this Article - , as well as to draw or to procure the drawing of money loans;

   d. to enter into agreements whereby the Company grants security, commits itself as guarantor or severally liable co-debtor, or declares itself jointly or severally

liable with or for others, particularly - but not exclusively - to the benefit of bodies corporate and companies as referred to above under c;

   e. to do all such things as are incidental or conducive to the above objects or any of them.

2. The Company may not grant security, give price guarantees, commit itself in any other way or declare itself jointly or severally liable with or for others with a view to enabling third parties to take or acquire Shares.

Capital.

Article 4.

1. The authorised capital of the Company is fifty-nine million four hundred one thousand eight hundred seventy-seven euro and sixty-one eurocent (EUR 59,401,877.61), divided into:

   a. two billion two hundred four million two hundred thirty thousand two hundred eighty (2,204,230,280) Ordinary Shares of which are;

      i) two billion (2,000,000,000) Class A Ordinary Shares, each with a par value of one eurocent (EUR 0.01);

      ii) one hundred two million one hundred fifteen thousand one hundred forty (102,115,140) Class B Ordinary Shares, each with a par value of ten eurocent (EUR 0.10);

      iii) one hundred two million one hundred fifteen thousand one hundred forty (102,115,140) Class C Ordinary Shares, each with a par value of nine eurocent (EUR 0.09);

   b. two billion and one (2,000,000,001) Preference Shares, each with a par value of one eurocent (EUR 0.01); and

   c. one (1) Priority Share, with a par value of one euro (EUR 1.00).

Transfer and conversion of Class B Ordinary Shares.

Article 4A

1. Class B Ordinary Shares may only be Transferred to (i) Permitted Transferees, (ii) to the Conversion Foundation for the purpose of conversion pursuant to Articles 4A and 4B and (iii) to the Company. Any other purported Transfer of a Class B Ordinary Share shall be null and void.

2. Class B Ordinary Shares can be converted into Class A Ordinary Shares with due observance of this Article. In order to cause the Class B Ordinary Shares to be converted into Class A Ordinary Shares, such Class B Ordinary Shares must be transferred to the Conversion Foundation.

3. Upon execution of the transfer instrument pursuant to which the Class B Ordinary Shares are transferred to the Conversion Foundation, each Class B Ordinary Share is automatically converted into one (1) Class A Ordinary Share and one (1) Class C Ordinary Share. Unless the Company shall be a party to the transfer instrument, the Conversion Foundation shall forthwith notify the Company in writing of the conversion of Class B Ordinary Shares as described in the preceding sentence. The transferor shall receive a Class A Ordinary Share from the Conversion Foundation in exchange for each Class B Ordinary Share transferred to the Conversion Foundation.

4. The Board of Directors shall forthwith register any such conversion of Shares in the register of Shareholders and equally in any applicable company register.

5. The Company shall at all times reserve and keep available out of its authorized but unissued capital, solely for the purpose of effecting the conversion of Class B Ordinary

Shares, such number of Class A Ordinary Shares and Class C Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Class B Ordinary Shares into Class A Ordinary Shares and Class C Ordinary Shares.

6. The Company may, from time to time, establish such policies and procedures relating to the conversion of the Class B Ordinary Shares into Class A Ordinary Shares and Class C Ordinary Shares and the general administration of this share capital structure as it may deem necessary or advisable, and may request that holders of Class B Ordinary Shares furnish affidavits or other proof to the Company as it deems necessary to verify the legal and beneficial ownership of Class B Ordinary Shares and the "Qualified B Holder" status of any such holder, and to confirm that Class B Ordinary Shares are not held by a Non-Qualified B Holder.

Qualified shareholding of Class B Ordinary Shares.

Article 4B.

1. Only a Qualified B Holder may hold Class B Ordinary Shares.

2. If at any time a Class B Ordinary Share is held by a Non-Qualified B Holder, such Non-Qualified B Holder shall, without prejudice to the stipulations of paragraph 4 of this Article, not be entitled to any dividend and/or voting rights attached to the Class B Ordinary Shares held by such Non-Qualified B Holder.

3. If at any time a Class B Ordinary Share is held by a Non-Qualified B Holder, such Non-Qualified B Holder (the "Transferor") shall notify the Company of this fact by written notice (the "Notice") within three (3) days after the occurrence of the event pursuant to which the Transferor is obliged to serve the Notice. At the time of the Notice the relevant Non-Qualified B Holder is obliged to offer his Class B Ordinary Shares to the Conversion Foundation (the "Offer"), through which such Class B Ordinary Shares are converted into Class A Ordinary Shares and Class C Ordinary Shares with due observance of Article 4A. The Transferor shall receive an equal number of Class A Ordinary Shares from the Conversion Foundation in exchange for such Class B Ordinary Shares.

4. If the Transferor fails to:

   a. give the Notice and or make the Offer within the term provided in this Article; or

   b. transfer the relevant Class B Ordinary Shares to the Conversion Foundation within three (3) days of the Notice,

   the Company is irrevocably empowered and authorised to offer and transfer the relevant Class B Ordinary Shares to the Conversion Foundation and to accept the Class A Ordinary Shares in exchange for such Class B Ordinary Shares for delivery to the Transferor.

5. If the Conversion Foundation fails to accept the offered Class B Ordinary Shares from the Transferor within three (3) months after receipt of the Offer, then the Transferor's dividend and voting rights attached to its Class B Ordinary Shares shall revive.

6. Each and every Qualified B Holder shall cease to be a Qualified B Holder if and when ninety-five percent (95%) or more of all issued and outstanding Class A Ordinary Shares and Class B Ordinary Shares (by number, taken together) are Class A Ordinary Shares.

7. Each Class B Ordinary Share held by a natural person that is a Qualified B Holder, or by its Permitted Transferees, shall, following the death of such Qualified B Holder, be deemed to be held by a Non-Qualified B Holder.

Qualified shareholding of Ordinary Shares.

Article 4C.

1. No Ordinary Share may be held as a result of a Triggering Event by a Shareholder if, as a result of such Triggering Event, such Shareholder or any other party (in each case together with its Affiliated Parties), would hold, legally and/or beneficially, Excess Shares, unless such holding of Excess Shares is approved by both the Board of Directors and the Priority pursuant to paragraph 10 of this Article 4C. If the Shares (a) are admitted to trading on a regulated market or multilateral trading facility or an exchange system of a non-member state that is comparable to a regulated market or multilateral trading facility (including, for the purposes hereof, The Nasdaq Global Market) and (b) are included in a system that facilitates the (trading

and) settlement of Shares (including, for the purposes hereof, the system operated by The Depository Trust Company) and/or are held by a nominee for such purposes (including, for the purposes hereof, Cede & Co.) that may qualify as the legal holder of the Shares, the provisions of this Article 4C apply *mutatis mutandis* to the parties holding an interest in the Shares through such system or nominee. The term "Shareholder" shall be construed accordingly for the purposes of this Clause 4C.

2. The qualified shareholding restriction set forth in paragraph 1 above shall not apply to:

 a. Any custodian (bank) or nominee acting to facilitate the (trading and) settlement of the Shares listed at a regulated market or multilateral trading facility or an exchange or system of a non-member state that is comparable to a regulated market or multilateral trading facility (including, for purposes hereof, The Nasdaq Global Market) and any investment bank or banks acting as underwriter(s) in connection with a public offering of Class A Ordinary Shares, in their capacity as such.

 b. Any Shareholder that acts as a bare nominee holder of Class A Ordinary Shares on behalf of the beneficial holder(s) thereof; provided that (subject to the final clause of this subparagraph b):

  (i) immediately following receipt of any information by such bare nominee with respect to any potential or effected change in beneficial ownership of any Shares held by it (including a change in the identity of any beneficial holder or a change in the number of shares beneficially held) that has resulted or would result in a beneficial holder on whose behalf such bare nominee holds Shares beneficially owning (together with its Affiliated Parties) Excess Shares, such bare nominee shall notify the Board of Directors of all details actually known to such bare nominee relating to such change;

  (ii) such bare nominee provides to the Board of Directors, within five (5) business days of any request by it from time to time, a written statement disclosing the identity of each beneficial holder of Shares legally held in its name that, together with its Affiliated Parties, holds Excess Shares, and the percentage holding of each such beneficial holder, specifying the rights of such beneficial holder with respect to the voting or disposition of such Shares, in each case to the extent actually known by such bare nominee; and

  (iii) promptly after such bare nominee becomes aware (including following a notification from the Board of Directors to the bare nominee) that a

beneficial holder on whose behalf such bare nominee holds Shares beneficially owns (together with its Affiliated Parties) Excess Shares, such bare nominee distributes to such beneficial holder a number of Shares equal to the number of Excess Shares beneficially held by such beneficial holder and its Affiliated Parties;

 provided, however, that (x) such bare nominee shall not be required by the provisions of this subparagraph b to disclose any information or take any action that it is not permitted to disclose or take pursuant to applicable law, contract or internal compliance policy; and (y) no notification to the Board shall be required in respect of information otherwise notifiable to the Board pursuant to paragraphs (i) and (ii) of this subparagraph b that is timely disclosed to the United States Securities and Exchange Commission on Schedule 13D or Schedule 13G in accordance with the applicable rules of the United States Securities and Exchange Commission;

 c. The Conversion Foundation.

3. Any Transfer or acquisition of Class B Ordinary Shares in violation of paragraph 1 of this Article is null and void.

4. If at any time the legal and/or beneficial holdings of a Shareholder or any other party (in each case together with its Affiliated Parties), exceeds the applicable Ownership Cap as a result of a Triggering Event and such holding of Excess Shares has not been approved by both the Board of Directors and the Priority pursuant to paragraph 10 of this Article (and is not otherwise exempted by paragraph 2 above), the Shareholder of the relevant Excess Shares is obliged (i) if and to the extent the Excess Shares are Class A Ordinary Shares, to sell the Excess Shares in the public market or otherwise within five (5) business days after a Triggering Event; and (ii) (a) if and to the extent the Excess Shares are Class B Ordinary Shares and the Transfer or acquisition of such Class B Ordinary Shares is held not to be null and void as provided for in paragraph 3, or (b) the Shareholder fails to sell the Excess Shares in accordance with clause (i) of if this paragraph 4 within the five (5)-business day period, to offer such Excess Shares to the Board of Directors within ten (10) business days after the Triggering Event.

5. If a Shareholder, within ten (10) business days after a Triggering Event, fails to comply with the obligation of paragraph 4 of this Article to offer the Excess Shares to the Board of Directors, (i) such Shareholder shall be deemed to have offered such Excess Shares to the Board of Directors, and (ii) the Board of Directors will be irrevocably authorised, with the right of substitution, to perform such acts and transactions on behalf of such Shareholder as deemed necessary to comply with the provisions of this Article, including but not limited to the sale and transfer of such Excess Shares in accordance with the terms of this Article 4C.

6. During the period in which a Shareholder has not effectuated the transfer of Excess Shares in accordance with this Article 4C and either the Board of Directors or the Priority have not approved the holding of Excess Shares by the Shareholder thereof pursuant to paragraph 10 of this Article, such Shareholder will not be entitled to any dividend and/or voting rights attached to the Excess Shares.

7. The Board of Directors is authorised to (i) nominate one or more purchasers or substitute purchasers (which, in each case, may include the Company) that are willing to buy the Excess Shares offered in accordance with paragraph 4 or paragraph 5 of

this Article, against payment in cash; or (ii) sell the Excess Shares in the public market through a broker or placement agent, hired and instructed by the Board of Directors for this purpose. If (a) the Board of Directors fails to nominate one or more purchasers (or substitute purchasers) in accordance with the terms and conditions of this paragraph within three (3) months from the date of the (deemed) offer hereunder, or (b) the party or parties so nominated by the Board of Directors fail to accept the offer within three (3) months from the date of the (deemed) offer hereunder, or (c) the Board of

Directors fails to sell the Excess Shares in the public market within three (3) months from the date of the (deemed) offer hereunder, the requirements of this Article shall not apply to the offering Shareholder until such Shareholder acquires (or is deemed to acquire) one or more (additional) Ordinary Shares.

8. The purchase price for any Ordinary Shares offered in accordance with paragraph 4 or paragraph 5 of this Article in the event of the nomination of one or more purchasers pursuant to clause (i) of paragraph 7, shall be the fair market value of such Shares on the date of the (deemed) offer. Such fair market value shall be determined as follows: (i) if the Shares are admitted to trading on a regulated market or multilateral trading facility, as referred to in article 1:1 of the Financial Supervision Act (*Wet financieel toezicht*) or an exchange or system of a non-member state that is comparable to a regulated market or multilateral trading facility (including, for purposes hereof, The Nasdaq Global Market), the reported closing sale price on such exchange or system on such date (or the last trading date immediately prior to such date), or (ii) if no Shares of the Company are then admitted to such trading, the fair market value of such Share as conclusively determined by an internationally reputable and independent third party appraiser appointed for this purpose by the Board of Directors. In the event of a public market sale pursuant to clause (ii) of paragraph 7, the purchase price shall be such price or prices obtained in good faith by a placement agent engaged by the Board of Directors or in arm's length brokers transaction(s) in the public market (it being expressly acknowledged that such sales may take place at any time or times during the three (3)-month period described above and that the sale prices of the Excess Shares so sold may vary). The Board of Directors is irrevocably authorised, with the right of substitution, to perform such acts and transactions on behalf of the selling Shareholder as the Board of Directors may deem necessary or convenient to effect the sale and transfer of such Excess Shares in accordance with the terms of this Article 4C.

9. For the purpose of enabling the Board of Directors to adequately perform its duties under this Article, each Shareholder is obliged to inform the Board of Directors within ten (10) days of any Triggering Event that results in such Shareholder (or, to the knowledge of such Shareholder, any beneficial holder(s) on whose behalf such Shareholder is holding Shares), together with its (or such beneficial party's) Affiliated Parties, exceeding a legal and/or beneficial holding threshold of five percent (5%), ten percent (10%), fifteen percent (15%), twenty percent (20%), twenty-five percent (25%) or thirty percent (30%) of either the voting rights attached to the issued Class A Ordinary Shares and the Class B Ordinary Shares (taken together) or the number of issued Class A Ordinary Shares and the Class B Ordinary Shares (taken together). In the event that a Shareholder (or, to the knowledge of such Shareholder, any beneficial holder(s) on whose behalf such Shareholder is holding Shares), together with its (or such beneficial party's) Affiliated Parties, acquires legal and/or beneficial ownership of

Excess Shares, such Shareholder shall, together with the foregoing notification, notify the Board of Directors of the price or prices paid for the purchase of such Excess Shares. Failing compliance with the obligations laid down in this paragraph, such Shareholder will not be entitled to any dividend and/or voting rights attached to any of his Shares or - in case of a bare nominee holder of Shares on behalf of the beneficial holder(s) thereof - to the Shares held on behalf of such beneficial holder(s). Without limiting the foregoing, each Shareholder shall, within five (5) business days of notice from the Board of Directors, (x) identify to the Board of Directors in writing any beneficial holder of Shares registered in the name of such Shareholder in excess of any of the foregoing thresholds, and (y) if so requested, shall furnish affidavits or such other proof to the Board of Directors as the Board of Directors reasonably deems necessary to verify the legal and/or beneficial ownership of such Shares. For purposes of the preceding sentence, "beneficial ownership" may be determined in accordance with Rule 13d-3 under the United States Securities Exchange Act of 1934, as amended. Notwithstanding, the provisions of this paragraph 9, no notification to the Board shall be required in respect of information otherwise notifiable to the Board hereunder that is timely disclosed to the United States Securities and Exchange Commission on Schedule 13D or Schedule 13G in accordance with the applicable rules of the United States Securities and Exchange Commission. This paragraph 9 shall not apply to any custodian (bank) or nominee acting to facilitate the (trading and) settlement of the Shares listed at a regulated market or multilateral trading facility or an exchange or system of a non-member state that is comparable to a regulated market or multilateral trading facility (including, for purposes hereof, The Nasdaq Global Market).

10. Any person seeking to acquire legal and/or beneficial ownership together with its Affiliated Parties of Excess Shares by acquisition or subscription or as a result of another Triggering Event (a "**Potential Acquiror**"), whether in one or more transactions, may seek prior approval first by the Board of Directors and subsequently (upon approval by the Board of Directors) approval by the Priority of such acquisition, subscription or holding as result of another Triggering Event by submitting a notification in writing to the Board of Directors at the registered office of the Company (with a copy to the Chairman of the Board of Directors at such address and/or email address as may be identified from time to time for such purpose on the investor relations section of the Company's website at www.yandex.ru) setting forth (i) the terms and conditions of such proposed acquisition(s), subscription(s) or other Triggering Event(s), including the identity of the transferring party(ies) and the proposed purchase or subscription price, if applicable, (ii) a detailed description of the identity of the Potential Acquiror, including the jurisdiction of incorporation or residence of the Potential Acquiror and the identity and jurisdiction of incorporation or residence of each legal and/or beneficial holder of more than five percent (5%) of the ownership interests in such Potential Acquiror; and (iii) a detailed description of the Potential Acquiror's intentions with respect to its shareholding in the Company and any further potential acquisitions of Shares. Within twenty (20) business days of its receipt of such notification, the Board of Directors shall (x) decide on its approval or rejection in relation to the proposed acquisition of Excess Shares by the Potential Acquiror and (y) inform the Potential Acquiror of its decision. Subsequently, provided that the Board of Directors has approved the proposed acquisition of Excess Shares by the Potential

Acquiror, the Board of Directors shall provide a copy of the information package submitted by the Potential Acquiror to the Board of Directors, together with its approval thereof and its recommendation thereon, to the Priority. The Priority shall then have twenty (20) business days following its receipt of the notification from the Board of Directors to deliver a written notification to the Board of Directors either approving or rejecting the holding of Excess Shares as a result of such acquisition, subscription or other Triggering Event. The Board of Directors shall provide a copy of such notification to the Proposed Acquiror within three (3) business days of its receipt thereof. In the event that either the Board of Directors or the Priority fails to timely deliver a notification setting forth its approval or rejection of the proposed holding of Excess Shares, it shall be deemed to have withheld its approval thereof.

11. In the event that any law or regulation of the Russian Federation is adopted or amended to impose a limitation or restriction on the ownership of internet businesses in Russia by non-Russian parties in a manner that is directly applicable to the Company and/or its business, then, immediately upon the effectiveness of such change in law or regulation, the provisions of this Article 4C, the provisions of Article 14B and the provision of Article 28.4,

including the approval rights of the Priority Share hereunder and thereunder, shall terminate and thereafter be of no further force or effect; provided however, that the foregoing provision shall not apply in case of any law or regulation that applies to the Company only by virtue of any activity undertaken by the Company or any member of its group that is ancillary to the operation of its internet business.

Qualified shareholding of the Priority Share.

Article 4D.

1. The Priority Share may only be held by a party that is specifically nominated by the Board of Directors for this purpose. Any transfer of the Priority Share is subject to prior written approval of the Board of Directors, acting by simple majority.

2. Any transfer of the Priority Share in violation of paragraph 1 of this Article is null and void.

3. If and so long as the Priority Share is not held by a party that meets the criteria laid down in paragraph 1 of this Article, the voting rights, dividend rights and other rights pertaining to the Priority Share (including, without limitation, the approval rights hereunder) may not be exercised.

4. Until the moment that the Priority Share is issued, the provisions laid down in these Articles relating to the Priority Share, the Priority or the Meeting of Priority Share shall be of no effect.

Shares. Usufruct and pledge of Shares.

Article 5.

1. All Shares shall be registered Shares. No share certificates shall be issued. The Board of Directors may number the Shares in a manner determined at its sole discretion.

2. Shares may be encumbered with usufruct. At the creation of the right of usufruct in respect of Class A Ordinary Shares it may be provided that the right to vote pertaining to the Class A Ordinary Shares shall vest in the usufructuary. The voting rights pertaining to the Priority Share, the Class B Ordinary Shares and the Class C Ordinary Shares may not be transferred to a usufructuary.

3. Ordinary Shares and Preference Shares may be pledged as security. At the creation of the pledge in respect of Class A Ordinary Shares it may be provided that the right to

vote shall vest in the pledgee. The voting rights pertaining to the Class B Ordinary Shares, the Class C Ordinary Shares and the Preference Shares may not be transferred to a pledgee.

4. The Priority Share may not be pledged

Addresses. Notices and announcements. Register of Shareholders.

Article 6.

1. Shareholders, pledgees and usufructuaries of Shares must supply their addresses, including their e-mail addresses (if any), to the Company in writing.

2. Notices, announcements and generally all communications intended for the persons referred to in paragraph 1 of this Article are to be sent in writing to the addresses they have supplied to the Company.

3. The Board of Directors shall keep a register in which shall be recorded all particulars as prescribed by law or, if applicable, the rules and regulations of the stock exchange at which Shares are listed concerning shareholders, usufructuaries and pledgees. In the register shall also be recorded each and any release from liability granted in respect of monies unpaid and not yet called on Shares.

4. The register of Shareholders shall be updated at regular times.

5. The Board of Directors shall be entitled to keep a part of the register of Shareholders outside the Netherlands if such is required for the compliance with foreign legalization or the rules and regulations of the stock exchange at which the Shares are listed.

Issue of Shares.

Article 7.

1. Upon receipt of a written proposal of the Board of Directors to this effect, the General Meeting has the power to resolve to issue Shares and to determine the price of issue and the other terms of issue, which terms may include payment on Shares in a foreign currency. Upon receipt of a written proposal of the Board of Directors to this effect the General Meeting may transfer its aforesaid power to the Board of Directors for a period not exceeding five years. Such designation shall specify the number of Shares that may be issued and may also include the price (range) at which such Shares may be issued. The designation may be extended, from time to time, for periods not exceeding five years. Unless such designation provides otherwise, it may not be withdrawn.

2. Within eight (8) days following a resolution by the General Meeting to issue Shares or to designate another body of the Company, the Company shall file the full text of such resolution at the office of the Commercial Register with which the Company is registered. Within eight (8) days after each issue of Shares, the Company shall report the same to the office of said Commercial Register.

3. The provisions of paragraph 1 and 2 of this Article shall apply mutatis mutandis to the granting of rights to subscribe for Shares, but not to the issue of Shares to a person exercising a previously acquired right to subscribe for Shares.

4. The Company or its Subsidiaries cannot subscribe for Shares.

5. When Ordinary Shares are subscribed for, the amount of their par value must be paid at the same time and, in addition, if the Ordinary Share is subscribed at a higher amount, the difference between such amounts must be paid. It may be agreed that part of the amount to be paid on the Preference Shares - such part not to exceed three fourths (3/4) of the par value - may remain unpaid until the Company shall make a call in respect of the monies unpaid on the Preference Shares. Such arrangement

may only be agreed prior to the resolution to issue Preference Shares and shall require the approval of the body of the Company which has the power to resolve to issue at the time of making such agreement.

6. Calls upon the Shareholders in respect of any monies unpaid on their Shares shall be made by the Board of Directors by virtue of a resolution of the General Meeting.

7. The body of the Company which has the power to resolve to issue Shares may resolve that payment on Shares shall be made by some other means than payment in cash or payments in a foreign (non-euro) currency.

Pre-emptive right at issue of Shares.

Article 8.

1. At the issue of any new Ordinary Shares, the statutory rights of pre-emption as laid down in Book 2 shall apply. At the issue of Preference Shares, including those against contribution in kind, each holder of Preference Shares shall have a pre-emptive right *pro rata* to the total number of Preference Shares held by him as a portion of the total number of the issued and outstanding Preference Shares on the date of the resolution to issue the Preference Shares. The pre-emption right of a holder of Preference Shares in respect of an issue of Preference Shares may not be limited. No pre-emption rights shall apply in respect of the issue of the Priority Share.

2. Upon receipt of a written proposal of the Board of Directors to this effect, the General Meeting may each time in respect of one particular issue of Ordinary Shares, resolve to limit or to exclude the pre-emptive right of subscription for the Ordinary Shares, provided that such resolution is passed at the same time as the resolution to issue the Ordinary Shares.

   If at a General Meeting at which a proposal to limit or exclude the pre-emptive right to subscribe for Ordinary Shares comes up for discussion and less than one half of the issued capital is represented, a resolution to limit or exclude the pre-emptive right may only be adopted by at least two-thirds of the votes cast.

   Any proposal to limit or exclude the pre-emptive right must contain a written explanation of the reasons for the proposal and the choice of the proposed price (or price range or formula for the determination of such price, including by reference to the market price of such Ordinary Shares as of a future date or dates) of issue.

   Upon receipt of a written proposal of the Board of Directors to this effect, the General Meeting can resolve that the pre-emptive right may also be limited or excluded by the Board of Directors, for a period not exceeding five years.

   Such designation may be renewed for subsequent periods not exceeding five years each.

   Unless the terms of the designation provide otherwise, it cannot be revoked.

   Within eight (8) days following a resolution by the General Meeting to limit or exclude the pre-emptive right or to designate the Board of Directors, the Company shall file the full text of such resolution at the office of the Commercial Register.

3. A share issue at which Shareholders may exercise a pre-emptive right and the period during which said right is to be exercised shall be announced by the Company to all Shareholders of the relevant class of Shares either in writing or by a public announcement in a newspaper taking into account the rules and regulations of the stock exchange at which Shares are listed. The pre-emptive right may be exercised during the period to be determined by the body of the Company authorised to issue

Shares, that period to be at least two weeks from the day following the date of despatch of the announcement.

4. The provisions of the preceding paragraphs of this Article shall apply *mutatis mutandis* to the granting of rights to take Shares.

Transfer of Shares. Exercise of Shareholder’s rights.

Article 9.

1. If Shares of any class are admitted or are reasonably expected - on relatively short notice - to be admitted to trading on a regulated market or multilateral trading facility, as referred to in article 1:1 of the Financial Supervision Act (*Wet financieel toezicht*) or a system of a non-member state that is comparable to a regulated market or multilateral trading facility, the transfer of a registered Ordinary Share or Preference Share or of a limited right (*beperkt recht*) thereto shall require an instrument intended for such purpose and, save when the Company itself is a party to such legal act, the

written acknowledgement by the Company of the transfer. The acknowledgement shall be made in the instrument or by a dated statement on the instrument or on a copy or extract thereof mentioning the acknowledgement signed as a true copy thereof by a civil-law notary or the transferor.

Service of such instrument of transfer, copy or extract on the Company shall be deemed to constitute such acknowledgement.

2. The transfer of the Priority Share requires a notarial deed executed by and in front of a notary practicing in the Netherlands to which each transferor and each transferee are a party.

3. Following a transfer referred to in paragraph 1 or paragraph 2 of this Article, the rights attached to the Shares concerned may not be exercised until the instrument of transfer has been served upon the Company or until the Company has acknowledged the transaction in writing or has been deemed to have acknowledged such transaction. The provision in the preceding sentence shall not apply if the Company itself has been a party to the transaction.

Acquisition by the Company of its own Shares.

Article 10.

1. Any acquisition by the Company of partly-paid Shares in its own capital shall be null and void.

2. Provided that the General Meeting has given the Board of Directors authorisation for this purpose, the Company may acquire fully paid-up Shares provided that:

   (a) the Company's equity capital, reduced by the acquisition price, is not less than the sum of the issued and paid-up capital and the reserves to be maintained pursuant to the law or the Articles of Association;

   (b) following the transaction contemplated, at least one issued share in the capital of the Company remains outstanding and is not held by the Company; and

   (c) in case the Company is admitted to trading on a regulated market or multilateral trading facility, as referred to in article 1:1 of the Financial Supervision Act (*Wet financieel toezicht*) or a system from a non-member state that is comparable to a regulated market or multilateral trading facility, the par value of the Shares to be acquired, already held by the Company or already held by the Company as pledgee or which are held by Subsidiaries, does not exceed fifty percent (50%) of the issued capital of the Company.

3. The factor deciding whether the acquisition is valid shall be the amount of the equity of the Company as shown in its most recently adopted balance sheet, reduced by the acquisition price of Shares in the capital of the Company and any payments from profit or reserves to others which may have become due by the Company and its Subsidiaries after the balance sheet date.

   If more than six months of a financial year have passed without the annual accounts having been adopted, the acquisition of own Shares under paragraph 2 of this Article shall not be permitted until such time as such most recent annual accounts have been so adopted.

4. The authorisation of the General Meeting, referred to in paragraph 2 of this Article, which shall be valid for a maximum of eighteen months (18) only, must specify how many Shares are permitted to be acquired, the manner in which they may be acquired and the permitted upper and lower limits of the price.

5. The preceding paragraphs of this Article shall not apply in respect of (i) Shares which the Company may acquire gratuitously or by universal succession and (ii) Shares that are listed at a stock exchange which are acquired for the purpose of distribution of such Shares to employees of the Company and/or its Subsidiaries pursuant to an employee option plan.

6. Any acquisition of Shares made in breach of the provisions of paragraph 2 of this Article shall be null and void.

7. Shares owned by the Company shall not bear any dividend rights unless rights of usufruct are created in respect of such Shares prior to the acquisition by the Company, in which case the holder of usufruct shall be entitled to any dividends on the underlying Shares. Shares owned by the Company or its Subsidiaries shall not bear any voting rights unless rights of usufruct were created in respect of such Shares prior to the acquisition of such Shares by the Company or its Subsidiaries respectively.

Reduction of capital.

Article 11.

1. Upon receipt of a written proposal of the Board of Directors to this effect, the General Meeting may resolve to reduce the issued capital by a cancellation of Shares or by a reduction of the par value of the Shares by amendment of the Articles of Association. Such resolution to reduce the issued capital of the Company must indicate the Shares to which it relates and provisions for its implementation must be included.

2. A resolution to cancel Shares may only relate to i) Shares held by the Company, or ii) to all the Shares of a particular class, in respect of which the Articles of Association provide that the same may be cancelled against repayment of their par value.

3. As provided in clause (ii) of paragraph 2 of this Article 11, Class C Ordinary Shares may be cancelled against repayment of their par value.

4. If the General Meeting resolves to reduce the par value of the Shares by amendment of the Articles of Association - regardless whether this is done without redemption or against partial repayment on the Shares or upon release from the obligation to pay up the Shares - such reduction must be made pro rata on all Shares of a particular class.

5. A resolution for reduction of capital shall require a majority of at least two thirds of the votes cast, if less than one half of the issued capital is represented at the relevant meeting of Shareholders.

BOARD OF DIRECTORS.

Composition and Remuneration.

Article 12.

1 The business and affairs of the Company shall be managed by a Board of Directors consisting of no less than eight (8) members and no more than twelve (12) members including at least one (1) Executive Director and at least two (2) Non-Executive Directors.

2. Only individuals shall be eligible for appointment as Executive Director or Non-Executive Director.

3. The Executive Directors and the Non-Executive Directors shall be appointed by the General Meeting for a maximum period of three (3) years, provided however, that, unless such director has resigned at an earlier date, a Director shall cease to hold office on the date of the first General Meeting held in the third year following the year in which he was appointed Director. Directors shall be immediately eligible for re-appointment at the General Meeting at which they cease to hold office.

4 The Board of Directors shall have the power to appoint from its members a Chief Executive Officer and from its Non-Executive Directors a Chairman of the Board.

5 The General Meeting shall adopt general guidelines in respect of the remuneration of the members of the Board of Directors and of the person(s) referred to in paragraph 3 of Article 13 (the "Remuneration Policy").

6. With due observation to the Remuneration Policy, the Board of Directors may establish a remuneration for the members of the Board of Directors in respect of the performance of their duties. It being understood that, in accordance with the principle laid down in Article 13 paragraph 5, Executive Directors shall not participate in the decision making process relating to the remuneration of Executive Directors.

7. Directors may be suspended and/or removed from office by the General Meeting at any time, such resolution requiring a majority of two thirds (2/3) of the votes cast in a meeting, representing at least fifty percent (50%) of the issued and outstanding capital of the Company. The Director concerned shall be given the opportunity to account for his conduct at the General Meeting. For that purpose he may have himself assisted by a legal adviser.

Decision-making by the Board of Directors. Directors' ceasing to hold office or being unable to act.

Article 13.

1. If the Board of Directors consists of several members, resolutions of the Board of Directors shall require an absolute majority of the votes cast in a meeting where at least the majority of members of the Board of Directors is present or represented. Each Director shall have one vote. If the voting for and against a proposal is equally divided, another vote shall be taken if so demanded by any Director.

2. The Board of Directors shall draw up board rules to deal with matters that concern the Board of Directors internally.

The rules of the Board of Directors may *inter alia* include an allocation of tasks among the members of the Board of Directors and shall contain provisions concerning the matter in which meetings of the Board of Directors are called and held. The rules of the Board of Directors may stipulate that certain resolutions of the Board of Directors may validly be passed by one or more Directors, provided that the relevant resolutions are within the scope of the task(s) allocated to this or these particular Director(s).

3. In the event that one or more Directors shall cease to hold office or be unable to act, the other or remaining Directors or the only other or remaining Director shall be temporarily entrusted with the management of the Company.

In the event that all Directors or the sole Director shall cease to hold office or be unable to act, the management of the Company shall be temporarily entrusted to the person designated or to be designated for that purpose by the General Meeting.

The provisions of the Articles of Association concerning the Board of Directors and the Director(s) individually shall apply mutatis mutandis to the person referred to in this paragraph. Furthermore, that person shall be required to call a General Meeting as soon as possible, which General Meeting may decide on the appointment of one or several new Directors.

4. The Board of Directors may pass resolutions in writing, provided that all members of the Board of Directors have been consulted on the proposed resolution(s) and none of the members of the Board of Directors have objected against this form of resolution. A resolution in writing by the Board of Directors requires a simple majority of the members of the Board of Directors.

5. Any Director with a conflict of interest in respect of the Company and/or its business shall refrain from participating in the decision making process of the Board of Directors in this particular matter. If as a direct result of the foregoing, no resolution can be adopted by the Board of Directors, such resolution will be put before the General Meeting and subsequently the General Meeting can resolve on the matter.

Decision by the Board of Directors subject to approval by the General Meeting

Article 14 A.

Decisions of the Board of Directors involving a major change in the Company's identity or character are subject to the approval of the General Meeting, including:

a. the transfer of the enterprise or practically the whole enterprise of the Company to third parties;

b. to enter or to terminate longstanding joint ventures of the Company or a Subsidiary with another legal entity or company or as fully liable partner in a limited partnership or a general partnership if this joint venture or termination of such a joint venture is of a major significance to the Company;

c. to acquire or dispose of a participation in the capital of a company worth at least one third of the amount of the Company's assets according to the balance sheet with explanatory notes thereto, or if the Company prepares a consolidated balance sheet according to such consolidated balance sheet with explanatory notes according to the last adopted annual account of the Company, by the Company or a Subsidiary.

Decision by the Board of Directors subject to approval by the Priority

Article 14B.

Any decision of the Board of Directors to transfer all or substantially all of the assets of the Company to one or more third parties, including the sale of its subsidiary: OOO Yandex, a company organised under the laws of the Russian Federation, is subject to the prior approval of the Priority; provided that no approval shall be required in connection with any corporate reorganisation of the Company's group so long as the business operations of the group continue to be conducted by one or more Russian companies that are, directly or indirectly, wholly owned by the Company.

Duties and powers of the Directors.

Article 15.

1. The Executive Directors shall be entrusted with and responsible for the day to day management of the Company.

2. The Board of Directors may install committees consisting of members of the Board of Directors, and/or management of the Company and/or its Subsidiaries.

3. The Board of Directors may designate certain tasks and functions to the committees referred to in the previous paragraph of this Article.

4. The Board of Directors may appoint a company secretary to assist the Board of Directors. The company secretary will be admitted to meetings of the Board of Directors and the General Meeting.

Representation.

Article 16.

1. The Board of Directors shall represent the Company. The power to represent the Company shall also vest in each Executive Director individually.

2. If an Executive Director performs any transaction in a private capacity to which transaction the Company also is a party, or if an Executive Director, acting in his private capacity, conducts any legal action against the Company other than as referred to in Section 15 of Book 2, each other Executive Director shall have the power to represent the Company.

3. The Board of Directors may grant power of attorney for signature to one or several persons and may alter or revoke such power of attorney.

Indemnity and Insurance.

Article 17.

1. To the extent permissible by law, the Company shall indemnify and hold harmless:

   a. each member of the Board of Directors, both former members and members currently in office;

   b. each person who is or was serving as an officer of the Company;

   c. each person who is or was serving as a proxy holder of the Company;

   d. each person who is or was a member of the board or supervisory board or officer of other companies or corporations, partnerships, joint ventures, trusts or other enterprises by virtue of their functional responsibilities with the Company and or its Subsidiaries,

   (each of them, for the purpose of this Article only, an "indemnified person"), against any and all liabilities, claims, judgments, fines and penalties ("claims") incurred by the indemnified person as a result of any threatened, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative (each, a "legal action"), brought by any party other than the Company itself or any Subsidiaries, in relation to acts or omissions in or related to his capacity as an indemnified person.

2. Claims will include derivative actions brought on behalf of the Company or any Subsidiaries against the indemnified person and claims by the Company (or any Subsidiaries) itself for reimbursement for claims by third parties on the ground that the indemnified person was jointly liable toward that third party in addition to the Company.

3. The indemnified person will not be indemnified with respect to claims insofar as they relate to the gaining in fact of personal profits, advantages or compensation to which he was not legally entitled, or if the indemnified person shall have been adjudged to be liable for willful misconduct (*opzet*) or intentional recklessness (*bewuste roekeloosheid*).

4. Any expenses (including reasonable attorneys' fees and litigation costs) (collectively, "expenses") incurred by the indemnified person in connection with any legal action shall

be settled or reimbursed by the Company, but only upon receipt of a written undertaking by that indemnified person that he shall repay such expenses if a competent court in an irrevocable judgment has determined that he is not entitled to be indemnified. Expenses shall be deemed to include any tax liability which the indemnified person may be subject to as a result of his indemnification.

5. Also in case of a legal action against the indemnified person by the Company itself or any Subsidiary(s), the Company will settle or reimburse to the indemnified person his reasonable attorneys' fees and litigation costs, but only upon receipt of a written undertaking by that indemnified person that he shall repay such fees and costs if a competent court in an irrevocable judgment has resolved the legal action in favor of the Company or the relevant Subsidiary(s) rather than the indemnified person.

6. Expenses incurred by the indemnified person in connection with any legal action will also be settled or reimbursed by the Company in advance of the final disposition of such action, but only upon receipt of a written undertaking by that indemnified person that he shall repay such expenses if a competent court in an irrevocable judgment has determined that he is not entitled to be indemnified.

   Such expenses incurred by indemnified persons may be so advanced upon such terms and conditions as the Board of Directors decides.

7. The indemnified person shall not admit any personal financial liability vis-à-vis third parties, nor enter into any settlement agreement, without the Company's prior written authorization.

   The Company and the indemnified person shall use all reasonable endeavors to cooperate with a view to agreeing on the defense of any claims, but in the event that the Company and the indemnified person would fail to reach such agreement, the indemnified person shall comply with all reasonable directions given by the Company, in order to be entitled to the indemnity contemplated by this Article.

8. The indemnity contemplated by this Article shall not apply to the extent claims and expenses are reimbursed by insurers.

9. The Company will provide for and bear the cost of adequate insurance covering claims against the indemnified person, unless such insurance cannot be obtained at reasonable terms.

10. This Article can be amended without the consent of the indemnified persons as such. However, the indemnity provided herein shall nevertheless continue to apply to claims and/or expenses incurred in relation to the acts or omissions by the indemnified person during the periods in which this clause was in effect.

11. At its discretion, the Board of Directors may have the Company indemnify other members of the management team, not being members of the Board of Directors, or other employees, each in case of the Company or of a Subsidiary, comparable to the indemnification provided herein for the benefit of other indemnified persons.

<u>GENERAL MEETING</u>.

<u>Notice and venue of the General Meeting.</u>

<u>Article 18</u>.

1. Without prejudice to the provisions of Article 25, General Meetings shall be held as frequently as the Board of Directors may wish. The power to call the General Meeting shall vest in the Board of Directors, in each Executive Director individually and/or the Chairman of the Board of Directors.

2. The Board of Directors may determine a registration date for the purpose of

registration of Shareholders who can attend the relevant Meeting and in order to establish the number of votes to be exercised at such General Meeting. In case the Board of Directors resolves to set a registration date for a General Meeting, any Shareholder who wishes to attend such General Meeting must inform the Board of Directors of its intent to attend the General Meeting. At the same time the registration date determines the number of votes that a Shareholder may cast in the General Meeting. The aforesaid registration date may not be set less than twenty-eight (28) days prior to the date of the relevant General Meeting. Should the Board of Directors resolve not to set a registration date, then all parties that can prove to hold Shares on the day of the General Meeting may attend the General Meeting and such Shareholders shall be able exercise votes on the basis of their Shares held on the day of the General Meeting.

3. The Board of Directors must call a General Meeting:

   (a) if one or several Shareholders jointly representing at least one tenth of the issued capital so request the Board of Directors, that request to specify the subjects to be discussed and voted upon;

   (b) within three months after the Board of Directors has considered it plausible that the equity capital of the Company has decreased to an amount equal to or less than one-half of the paid and called up part of the capital.

If the General Meeting is not held within six weeks after the request referred to under (a), the applicants themselves may call the General Meeting - with due observance of the applicable provisions of the law and the Articles of Association - without for that purpose requiring authorisation from the President of the District Court. The provisions of paragraph 2 of this Article shall apply *mutatis mutandis* to the procedure of calling a General Meeting referred to in the preceding sentence.

4. Any Shareholder(s) who hold at least one hundredth (1/100) of the issued capital of the Company or own Shares with a value of at least fifty million euro (EUR 50,000,000.00) may propose items for the agenda of the General Meeting. Such item for the agenda should together with an explanation be submitted to the Board of Directors at least sixty (60) days prior to the day of the General Meeting at which it shall be addressed. The Board of Directors will include such items for the agenda in an equal manner as items on the agenda proposed by the Board of Directors.

5. Notice of the General Meeting must be given to each Shareholder. The term of notice must be at least fifteen (15) clear days before the day on which the meeting is held. Notice shall be given by means of letters, specifying the subjects to be discussed at the meeting. The notice should also contain information on a formal registration date (if applicable) for the registration of Shareholders who can attend the relevant Meeting and in order to establish the number of votes to be exercised at such General Meeting.

6. General Meetings shall be held in The Hague, Amsterdam, Rotterdam, Utrecht or at Schiphol Airport in the municipality of Haarlemmermeer. Entirely without prejudice to the provisions of paragraph 5 of this Article, any resolution passed at a General Meeting held elsewhere - in or outside the Netherlands - shall be valid only if the requirements of notice set out in paragraph 3 of this Article have been complied with and the entire issued and outstanding share capital is represented.

<u>Admittance to and chairmanship of the General Meeting</u>.

<u>Article 19</u>.

1. The Shareholders are entitled to admittance to the General Meeting. The Directors of the Company also are entitled to admittance, with the exception of any Director who has been suspended, and admittance shall further be granted to any person whom the chairman of the meeting concerned has invited to attend the General Meeting or any part of that meeting.

2. If a Shareholder wishes to attend a General Meeting by proxy, he must issue a written power of attorney for that purpose, which power of attorney must be presented to the chairman of the meeting concerned.

3. The General Meeting shall be presided over by the Chairman of the Board. In case the Chairman of the Board is not available the Board of Directors shall appoint the chairman of the General Meeting.

4. Unless a notarial record of the business transacted at the meeting is drawn up, or unless the chairman himself wishes to keep minutes of the meeting, the chairman shall designate a person charged with keeping the minutes.

   The minutes shall be adopted by the General Meeting at the same meeting or at a subsequent meeting, in evidence of which the minutes shall be signed by the chairman and the secretary of the meeting at which the minutes were adopted.

5. The Chairman of the General Meeting decides on all issues regarding admittance to the meeting, voting and the order of the meeting.

<u>Voting rights. Decision-making</u>.

<u>Article 20</u>.

1. Each Class A Ordinary Share and each Preference Share carries the right to cast one (1) vote. Each Class C Ordinary Share carries the right to cast nine (9) votes.

   Each Class B Ordinary Share carries the right to cast ten (10) votes. The Priority Share carries the right to cast one hundred (100) votes.

2. In determining the extent to which the Shareholders cast votes, are present or are represented, or the extent to which the share capital is represented the Shares in respect of which no votes may be cast shall not be taken into account.

3. Unless the Articles of Association stipulate a larger majority, all resolutions of the General Meeting shall be passed by an absolute majority of the votes cast.

4. Blank votes and invalid votes shall not be counted as votes.

5. Votes on business matters - including proposals concerning the suspension, dismissal or removal of persons - shall be taken by voice or acclamation, but votes on the election of persons shall be taken by secret ballot, unless the chairman decides on a different method of voting and none of the persons present at the meeting object to such different method of voting.

6. If at the election of persons the voting for and against the proposal is equally divided, another vote shall be taken at the same meeting; if then again the votes are equally divided, then - without prejudice to the provision in the following sentence of this paragraph - such person shall not be elected.

   If at an election of persons the vote is taken between more than two candidates and none of the candidates receive the absolute majority of votes, another vote - where necessary after an interim vote - shall be taken between the two candidates who have received the largest number of votes in their favour.

   If the voting for and against any other proposal than as first referred to in this paragraph is equally divided, that proposal shall be rejected.

7. The General Meeting may resolve to allow a Shareholder to attend and participate in the General Meeting by electronic means of communication, if and to the extent the identity of the thus attending Shareholder can be verified by the Chairman of the Meeting. Electronic votes submitted to the Board of Directors within twenty-eight (28) days of the General Meeting shall be considered to be issued at the General Meeting, provided the means of communication allows the Chairman of the Meeting to verify the identity of the voting Shareholder.

Shareholders' proxy. Shares belonging to any community of property or joint estate.

Article 21.

1. In respect of any or all of his Shares a Shareholder may give one or several persons written power of attorney to exercise any or all of the rights attached to those Shares. Such power of attorney may not be given in respect of one and the same Share to more than one person simultaneously. The powers referred to in this paragraph may also vest in usufructuaries and pledgees of Class A Ordinary Shares. The Board of Directors may invoke certain rules on the registration of proxies as referred to in this paragraph.

2. Joint owners of any community of property or joint estate comprising Shares or a limited right to Shares may only exercise their rights by giving one or several persons written power of attorney to exercise said rights. If power of attorney is given to several persons, such power of attorney must specify in respect of which number of Shares each proxy is authorised to exercise the rights attached thereto.

Decision-making outside a meeting.

Article 22.

Unless statutory provisions provide otherwise, any resolution which Shareholders entitled to vote can pass at a General Meeting may also be passed by them outside a meeting, provided that they all express themselves in writing in favor of the proposal concerned. The persons who have passed a resolution outside a meeting shall immediately inform the Board of Directors of that resolution.

Meetings of holders of Class A Ordinary Shares,

meetings of holders of Class B Ordinary Shares,

meetings of holders of Class C Ordinary Shares and meetings of the holder of the Priority Share.

Article 23.

1. Meetings of holders of a particular class of Ordinary Shares shall be convened by the Board of Directors. Meetings of the holder of the Priority Share may be convened by the holder of the Priority Share.

2. The convocation shall take place not later than on the fifth (5^{th}) day prior to the day on which the meeting shall take place.

3. Notwithstanding the possibility for the holders of any specific class of Shares to agree to convene a meeting elsewhere and notwithstanding the option to pass resolutions in writing in accordance with Article 22, any meeting shall be held in the Netherlands at the place notified in convocation.

4. For the avoidance of doubt, the Priority may approve or decline to approve any Transfer, subscription or holding of Excess Shares hereunder in writing and without a meeting.

5. Articles 18 through 22 shall apply, *mutatis mutandis*, to any meeting referred to in this Article.

Meeting of holders of Preference Shares.

Article 24.

1. Meetings of holders of Preference Shares shall be convened by the Board of Directors or by a holder of one or more of the Preference Shares.

2. The convocation shall take place not later than on the fifth (5^{th}) day prior to the day on which the meeting shall take place.

3. Notwithstanding the possibility for the holders of Preference Shares to agree to convene a meeting elsewhere and notwithstanding the option to pass resolutions in writing in accordance with Article 22, any meeting shall be held in the Netherlands at the place notified in convocation.

4. In all other respects Articles 18 through 22 shall apply *mutatis mutandis*.

Financial Year. Annual accounts.

Article 25.

1. The financial year of the Company shall be equal to the calendar year.

2. Each year within five months after the end of the Company's financial year, save where this term is extended by a maximum of six months by the General Meeting on account of special circumstances, the Board of Directors shall draw up annual accounts and an annual report on that financial year. To these documents shall be added the particulars referred to in Section 392, sub-section 1, of Book 2. However, if the provisions of Section 403 of Book 2 have been applied to the Company and if and to the extent that the General Meeting does not decide otherwise:

a. the obligation to draw up the annual report; and

b. the obligation to add to the annual accounts the particulars referred to in Section 392 of Book 2 shall not apply.

If the Company qualifies as a legal entity in the terms of Section 396 sub-section 1 or Section 397 sub-section 1 of Book 2 the Company shall not be required to make an annual report unless by law the Company must establish a works council or unless no later than six months from the start of the financial year concerned the General Meeting has resolved otherwise.

3. The annual accounts shall be signed by all Directors. If the signatures of one or more of the Directors are missing, this and the reason for such absence shall be stated.

4. The Board of Directors shall ensure that the annual accounts and, if required, the annual report and the particulars added by virtue of Section 392 of Book 2 shall be available at the office of the Company as soon as possible but not later than as from the date of notice calling the General Meeting intended for the discussion and approval thereof. Said documents shall be open to the inspection of the Shareholders at the office of the Company and copies thereof may be obtained by them free of charge.

Annual General Meeting. Approval of annual accounts.

Article 26.

1. Each year at least one General Meeting shall be held, that meeting to be held within six (6) months after the end of the Company's last expired financial year.

2. The annual accounts shall be adopted by the General Meeting.

Profits and losses.

Article 27.

1. The distributable profit of the Company shall be at the disposal of the General Meeting. The Board of Directors determines the amount of the profit of the Company

that shall be allocated to the profit reserves and the amount of profit available for distribution.

2. The Company may distribute profit only if and to the extent that its equity exceeds the sum of the paid and called-up part of the issued capital and the reserves which must be maintained by virtue of the law.

3. If and when the Board of Directors proposes to allocate or distribute a profit, first of all the holders of Preference Shares shall be entitled to an amount equal to the 12-month European Inter Bank Offered Rate per first day of the financial year of the Company in relation to which the relevant dividend entitlement is calculated, increased with two hundred (200) basis points, of the issued and paid-up capital of the Preference Shares. The holders of Ordinary Shares and the Priority Share shall be entitled pari passu to the remainder profits of the Company after any distribution is made pursuant to the first sentence of this paragraph, *pro rata* to the total number of Class A Ordinary Shares, Class B Ordinary Shares, Class C Ordinary Shares and/or the Priority Share held, albeit that the holders of Class C Ordinary Shares shall be entitled to a maximum amount of one eurocent (EUR 0.01) per Class C Ordinary Share out of the profit in any one financial year.

4. Dividends may be paid only after approval and adoption of the annual accounts which show that they are justified.

5. For the purposes of determining the allocation of profits, any Shares held by the Company (except as otherwise provided in paragraph 7 of Article 10), and any Shares of which the Company has a usufruct, shall not be taken into account.

6. The Board of Directors may resolve to declare interim dividends out of the profits realised in the current financial year. Dividend payments as referred to in this paragraph may be made only if the provision in paragraph 2 of this Article has been met as evidenced by an interim statement of assets and liabilities as referred to in Section 105 subsection 4 of Book 2.

7. Any distributions made from the Company reserves shall be made only at the proposal of the Board of the Directors and with due observance of the provisions of paragraph 3 of this Article.

8. Unless the General Meeting sets a different term for that purpose, dividends shall be made payable within thirty (30) days after they are declared.

9. The Board of Directors may resolve that dividends are satisfied in whole or in part by the distribution of assets or the issue of Shares.

10. Any deficit may be set off against the statutory reserves only if and to the extent permitted by law.

Amendment of Articles of Association. Merger. Demerger. Division.

Article 28.

1. Upon receipt of a written proposal of the Board of Directors to this effect, the General Meeting may resolve to amend the Articles of Association, to conclude a legal merger or demerger or to dissolve the Company in the terms of Part 7 of Book 2.

2. For the adoption of a resolution to amend the Articles of Association, to conclude a legal merger or demerger, in the terms of Part 7 of Book 2, or to dissolve the Company, a two/thirds (2/3) majority of the votes cast in the General Meeting is required.

3. For the adoption of a resolution to amend the Articles of Association in which (a) the rights, including but not limited to the calculation of entitlement to any profits, of

holders of Class A Ordinary Shares are taken away/affected, including but not limited to any change in the dividend or liquidation entitlement of the holders of Class B Ordinary Shares or Class C Ordinary Shares; (b) the definitions of "Affiliate", "Initial Qualified Holder", "Non-Qualified B Holder", "Permitted Transferee", "Qualified B Holder" or "Transfer" are changed; (c) any amendment is made to Article 4A, Article 4B or this Article 28; or (d) the number of authorized Class B Ordinary Shares is to be increased; the prior approval of the Meeting of holders of Class A Ordinary Shares is required, which resolution requires a three/fourth (3/4) majority of the votes cast at such meeting.

4. For the adoption of a resolution to amend the Articles of Association in which the rights of the Priority are affected (including but not limited to the number of Priority Shares included in the authorized capital of the Company), the prior approval of the Priority is required.

5. For the adoption of a resolution to amend the Articles of Association in which the rights of the Preference Shares are affected (including but not limited to the number of Preference Shares included in the authorized capital of the Company), the prior approval of the Meeting of holders of Preference Shares is required.

Winding up and liquidation.

Article 29.

1. The General Meeting shall have the power to resolve to wind up the Company, provided with due observance of the requirement laid down in Article 28.

2. Unless otherwise resolved by the General Meeting or unless otherwise provided by law, the Directors of the Company shall be the liquidators of the Company.

3. The surplus assets remaining after (i) all the Company's liabilities have been satisfied, (ii) all profit reserves and other dividend entitlements have been distributed, shall be divided among the holders of the Ordinary Shares *pro rata* to the total number of Class A Ordinary Shares, Class B Ordinary Shares and/or Class C Ordinary Shares they hold, albeit that the holders of Class C Ordinary Shares shall be entitled to a maximum amount of one eurocent (EUR 0.01) per Class C Ordinary Share.

4. After completion of the liquidation the books, records and other data-carriers of the dissolved Company shall for a period of seven years remain in the custody of the person whom the liquidators have appointed for that purpose in writing.

Final provision.

Today, the issued share capital of the company amounts to seventeen million one hundred three thousand nine hundred seventy-two euro and thirteen eurocent (EUR 17,103,972.13), divided in:

- two hundred thirty-three million six hundred thirty-eight thousand two hundred fifteen (233,638,215) Class A Ordinary Shares, each with a par value of one eurocent (EUR 0.01);

- ninety-six million thirty-four thousand two hundred sixty-six (96,034,266) Class B Ordinary Shares, each with a par value of ten eurocent (EUR 0.10);

- fifty-seven million three hundred seventy-nine thousand five hundred eighty-two (57,379,582) Class C Ordinary Shares, each with a par value of nine eurocent (EUR 0.09);

- one (1) Priority Share, with a par value of one euro (EUR 1.00).

Conclusion deed.

The appearer is known to me, civil-law notary.

This deed is executed in Amsterdam on the date mentioned in the heading of this deed. After the substance of this deed and an explanation thereon have been stated to the appearer, the appearer has declared to have taken notice of the contents of this deed and to consent thereto. Immediately after those parts of the deed that the law requires to be read out have been read out, this deed is signed by the appearer and by me, civil-law notary.

Exhibit 99.2

YANDEX N.V.
INDEX TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

YANDEX N.V.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions of Russian rubles ("RUR") and U.S. dollars ("$"), except share and per share data)

	Notes	As of December 31, 2012 RUR	As of September 30, 2013 RUR	As of September 30, 2013 $
ASSETS				
Current assets:				
Cash and cash equivalents	6	7,425	11,382	351.9
Marketable securities	9	76	79	2.4
Term deposits		4,629	470	14.5
Accounts receivable, net	7	1,767	2,286	70.7
Prepaid expenses		597	666	20.7
Assets held for sale	5	2,024	—	—
Deferred tax assets		456	580	17.9
Other current assets	8	1,217	1,080	33.4
Total current assets		18,191	16,543	511.5
Property and equipment, net	12	8,095	8,970	277.3
Intangible assets, net	13	323	275	8.5
Goodwill		750	770	23.8
Long-term prepaid expenses		695	759	23.5
Restricted cash	6	214	93	2.9
Term deposits		10,330	17,330	535.8
Investments in non-marketable equity securities	9	500	1,232	38.1
Investments in debt securities	9	4,810	2,589	80.0
Deferred tax assets		35	137	4.2
Other non-current assets	8	342	1,444	44.6
TOTAL ASSETS		**44,285**	**50,142**	**1,550.2**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	14	2,513	3,323	102.7
Taxes payable		1,455	1,160	35.9
Deferred revenue		1,092	1,292	39.9
Liabilities related to assets held for sale	5	1,619	—	—
Deferred tax liabilities		3	48	1.5
Total current liabilities		6,682	5,823	180.0
Deferred tax liabilities		448	392	12.1
Other accrued liabilities		108	63	2.0
Total liabilities		7,238	6,278	194.1
Commitments and contingencies	15			
Shareholders' equity:				
Priority share: €1 par value; 1 share authorized, issued and outstanding		—	—	—
Preference shares: €0.01 par value; 2,000,000,001 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: 2,000,000,000 and 2,000,000,000, Class B: 159,494,722 and 102,115,140, and Class C: 159,494,722 and 102,115,140); shares issued (Class A: 202,318,864 and 256,284,925, Class B: 125,441,218 and 73,636,828, and Class C: 27,972,630 and 22,397,438, respectively); shares outstanding (Class A: 202,318,864 and 252,215,907, Class B: 125,441,218 and 73,636,828, and Class C: nil)		445	245	7.6
Treasury shares at cost (Class A: nil and 4,069,018, and Class B: nil and nil)		—	(3,883)	(120.0)
Additional paid-in capital		13,617	13,461	416.2
Accumulated other comprehensive income	4	961	1,888	58.2
Retained earnings		22,024	32,153	994.1
Total shareholders' equity		37,047	43,864	1,356.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**44,285**	**50,142**	**1,550.2**

The accompanying notes are an integral part of the unaudited condensed 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)

	Notes	Three months ended September 30, 2012 RUR	Three months ended September 30, 2013 RUR	Three months ended September 30, 2013 $	Nine months ended September 30, 2012 RUR	Nine months ended September 30, 2013 RUR	Nine months ended September 30, 2013 $
Revenues	17	7,273	10,218	315.9	19,948	27,416	847.6
Operating costs and expenses:							
Cost of revenues(1)		1,845	2,931	90.6	5,112	7,065	218.4
Product development(1)		1,034	1,467	45.4	3,159	4,176	129.1
Sales, general and administrative(1)		1,117	1,661	51.3	3,239	4,554	140.8
Depreciation and amortization		734	914	28.3	2,091	2,705	83.6
Total operating costs and expenses		4,730	6,973	215.6	13,601	18,500	571.9
Income from operations		2,543	3,245	100.3	6,347	8,916	275.7
Interest income		268	483	14.9	669	1,303	40.3
Other income, net		147	2,022	62.6	76	2,065	63.8
Net income before income taxes		2,958	5,750	177.8	7,092	12,284	379.8
Provision for income taxes		667	783	24.2	1,560	2,156	66.7
Net income		2,291	4,967	153.6	5,532	10,128	313.1
Net income per Class A and Class B share:							
Basic	3	7.01	15.22	0.47	16.98	30.94	0.96
Diluted	3	6.82	14.88	0.46	16.50	30.20	0.93
Weighted average number of Class A and Class B shares outstanding							
Basic	3	326,705,954	326,292,219	326,292,219	325,774,183	327,305,297	327,305,297
Diluted	3	335,732,348	333,719,636	333,719,636	335,327,826	335,342,605	335,342,605

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

Cost of revenues	7	20	0.6	19	43	1.3
Product development	59	134	4.1	151	307	9.5
Sales, general and administrative	40	75	2.3	91	181	5.6

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

YANDEX N.V.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Notes	Three months ended September 30,			Nine months ended September 30,		
		2012	2013	2013	2012	2013	2013
		RUR	RUR	$	RUR	RUR	$
Net income		2,291	4,967	153.6	5,532	10,128	313.1
Other comprehensive income/ (loss):							
Foreign currency translation adjustment, net of tax, nil	4	(942)	(81)	(2.5)	(607)	927	28.7
Total other comprehensive income/ (loss)		(942)	(81)	(2.5)	(607)	927	28.7
Total comprehensive income		**1,349**	**4,886**	**151.1**	**4,925**	**11,055**	341.8

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Notes	Nine months ended September 30, 2012 RUR	2013 RUR	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income		5,532	10,128	313.1
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization of property and equipment		2,022	2,639	81.6
Amortization of acquisition-related intangible assets		69	66	2.0
Share-based compensation expense		261	531	16.4
Deferred income taxes		111	(255)	(7.9)
Foreign exchange losses/(gains)		74	(40)	(1.2)
Gain from sale of equity securities		(234)	(2,137)	(66.1)
Other		75	(22)	(0.6)
Changes in operating assets and liabilities excluding the effect of acquisitions and disposals:				
Accounts receivable, net		(195)	(516)	(16.0)
Prepaid expenses and other assets		(839)	(877)	(27.1)
Accounts payable and accrued liabilities		755	275	8.5
Deferred revenue		28	195	6.0
Assets held for sale		(105)	(156)	(4.8)
Liabilities related to assets held for sale		122	86	2.6
Net cash provided by operating activities		7,676	9,917	306.5
CASH FLOWS USED IN INVESTING ACTIVITIES:				
Purchase of property and equipment		(2,984)	(3,271)	(101.1)
Investments in non-marketable equity securities		—	(2)	(0.1)
Proceeds from sale of equity securities	5	174	2,023	62.6
Proceeds from maturity of debt securities		715	2,301	71.1
Investments in term deposits		(10,235)	(11,450)	(354.0)
Maturities of term deposits		3,724	8,670	268.0
Escrow cash deposit		—	130	4.0
Loans granted		—	(170)	(5.2)
Net cash used in investing activities		(8,606)	(1,769)	(54.7)
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:				
Proceeds from exercise of share options		305	378	11.7
Repurchases of ordinary shares		—	(5,150)	(159.2)
Net cash provided by/(used in) financing activities		305	(4,772)	(147.5)
Effect of exchange rate changes on cash and cash equivalents		(109)	581	18.0
Net change in cash and cash equivalents		(734)	3,957	122.3
Cash and cash equivalents at beginning of period		5,930	7,425	229.6
Cash and cash equivalents at end of period		5,196	11,382	351.9
Supplemental disclosure of cash flow information:				
Cash paid for income taxes		1,457	2,173	67.2
Non-cash investing activities:				
Change in accounts payable for property and equipment		252	179	5.5
Non-cash consideration from sale of equity securities	5	144	—	—
Non-cash consideration for purchase of equity securities		—	112	3.5

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Yandex N.V., together with its consolidated subsidiaries (together, the "Company"), is an internet and technology company and operates Russia's largest internet search engine. The Company generates substantially all of its revenues from online advertising. Until July 2013, it also generated revenues from online payment commissions through PS Yandex.Money LLC and its subsidiary NBCO Yandex.Money LLC (together, "Yandex.Money"). In July 2013, the Company completed its sale of a 75% less one ruble interest in Yandex.Money to OJSC Sberbank of Russia ("Sberbank") (Note 5).

Yandex N.V. was incorporated under the laws of the Netherlands in June 2004 and is the holding company of Yandex LLC, incorporated in the Russian Federation in October 2000, and other subsidiaries.

The Company operates in a single segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial reporting. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included, and the Company believes that the disclosures are adequate to ensure the information is not misleading. Operating results for the three- and nine-month periods ended September 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013.

The condensed consolidated balance sheet as of December 31, 2012 has been derived from the audited consolidated financial statements at that date but does not include all of the disclosures required by U.S. GAAP for annual financial statements.

The accompanying unaudited condensed consolidated financial statements for the three- and nine-month periods ended September 30, 2013 should be read in conjunction with the consolidated financial statements and the notes thereto included in the Annual Report on Form 20-F for the year ended December 31, 2012. Our significant accounting policies have not changed since December 31, 2012.

Use of Estimates in Interim Financial Statements

The preparation of interim financial statements, in conformity with U.S. GAAP for interim reporting, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to share-based compensation, accounts receivable allowances, valuation of assets and liabilities in business combinations, useful lives of intangible assets and property and equipment, impairment

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

assessments, contingencies and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Recently Adopted Accounting Pronouncements

Effective January 1, 2013, the Company adopted the Financial Accounting Standards Board ("FASB") accounting standards updates on disclosures about offsetting assets and liabilities and reporting of amounts reclassified out of accumulated other comprehensive income. The adoption of these updates did not have a significant impact on the Company's consolidated financial position, results of operations, cash flows or disclosures.

Effective January 1, 2013, the Company adopted the FASB accounting standards update on the reporting of reclassifications out of accumulated other comprehensive income. The guidance requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount is reclassified to net income in its entirety in the same reporting period. For other amounts not required to be reclassified in their entirety to net income in the same reporting period, a cross reference to other disclosures that provide additional detail about the reclassification amounts is required. The adoption of this update did not have a significant impact on the Company's consolidated financial position, results of operations, cash flows, or disclosures. Refer to Note 4 for disclosure of reclassifications for the three- and nine-month periods ended September 30, 2012 and 2013.

Effect of Recently Issued Accounting Pronouncements

In July 2013, the FASB issued an accounting standards update on presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The amendments provide guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This guidance is effective prospectively for reporting periods beginning after December 15, 2013. The Company does not expect the adoption of this guidance to have a material effect on its financial statements.

3. NET INCOME PER SHARE

Basic net income per Class A share and Class B share for the three- and nine-month periods ended September 30, 2012 and 2013 is computed on the basis of the weighted average number of ordinary shares outstanding using the two class method. Basic net income per share is computed using the weighted average number of ordinary shares outstanding during the period including restricted shares. Diluted net income per ordinary share is computed using the effect of outstanding share-based awards granted by the Company and described below (Note 16) ("Share-Based Awards") calculated using the "treasury stock" method.

The computation of the diluted net income per Class A share assumes the conversion of Class B shares, while the diluted net income per Class B share does not assume the conversion of those

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

3. NET INCOME PER SHARE (Continued)

shares. The net income per share amounts are the same for Class A and Class B because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation. The number of Share-Based Awards excluded from the diluted net income per ordinary share computation, because their effect was antidilutive for the three- and nine-month periods ended September 30, 2012 and 2013 was 1,362,341 and 708,000 and 1,414,111 and 1,678,477, respectively.

The components of basic and diluted net income per share were as follows:

	For the three months ended September 30,					
	2012		2013			
	Class A RUR	Class B RUR	Class A RUR	Class A $	Class B RUR	Class B $
Net income, allocated for basic	1,307	984	3,666	113.4	1,301	40.2
Reallocation of net income as a result of conversion of Class B to Class A shares	984	—	1,301	40.2	—	—
Reallocation of net income to Class B shares	—	6	—	—	12	0.4
Net income, allocated for diluted	2,291	990	4,967	153.6	1,313	40.6
Weighted average ordinary shares outstanding—basic	186,416,244	140,289,710	240,835,896	240,835,896	85,456,323	85,456,323
Dilutive effect of:						
Conversion of Class B to Class A shares	140,289,710	—	85,456,323	85,456,323	—	—
Ordinary Share-Based Awards	9,026,394	4,791,086	7,427,417	7,427,417	2,750,706	2,750,706
Weighted average ordinary shares outstanding—diluted	335,732,348	145,080,796	333,719,636	333,719,636	88,207,029	88,207,029
Net income per share attributable to ordinary shareholders:						
Basic	7.01	7.01	15.22	0.47	15.22	0.47
Diluted	6.82	6.82	14.88	0.46	14.88	0.46

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

3. NET INCOME PER SHARE (Continued)

	For the nine months ended September 30,					
	2012		2013			
	Class A	Class B	Class A	Class A	Class B	Class B
	RUR	RUR	RUR	$	RUR	$
Net income, allocated for basic	2,969	2,563	7,079	218.8	3,049	94.3
Reallocation of net income as a result of conversion of Class B to Class A shares	2,563	—	3,049	94.3	—	—
Reallocation of net income to Class B shares	—	15	—	—	29	0.9
Net income, allocated for diluted	5,532	2,578	10,128	313.1	3,078	95.2
Weighted average ordinary shares outstanding—basic	174,842,541	150,931,642	228,766,429	228,766,429	98,538,868	98,538,868
Dilutive effect of:						
Conversion of Class B to Class A shares	150,931,642	—	98,538,868	98,538,868	—	—
Ordinary Share-Based Awards	9,553,643	5,368,573	8,037,308	8,037,308	3,389,026	3,389,026
Weighted average ordinary shares outstanding—diluted	335,327,826	156,300,215	335,342,605	335,342,605	101,927,894	101,927,894
Net income per share attributable to ordinary shareholders:						
Basic	16.98	16.98	30.94	0.96	30.94	0.96
Diluted	16.50	16.50	30.20	0.93	30.20	0.93

4. COMPREHENSIVE INCOME

U.S. GAAP requires the reporting of comprehensive income in addition to net income. Comprehensive income includes foreign currency translation adjustments. For the three- and nine-month periods ended September 30, 2012 and 2013, total comprehensive income included, in addition to net income, the effect of translating the financial statements of the Company and its subsidiaries domiciled outside of Russia into Russian rubles.

Accumulated other comprehensive income of RUR 961 as of December 31, 2012 and RUR 1,888 ($58.2) as of September 30, 2013 solely comprises cumulative foreign currency translation adjustments.

Reclassifications of losses out of accumulated other comprehensive income for the three- and nine-month periods ended September 30, 2013 were as follows:

		For the three months ended September 30,		
	Location	2012	2013	
		RUR	RUR	$
Foreign Currency Translation Adjustments	Other income, net	—	54	1.7

		For the nine months ended September 30,		
	Location	2012	2013	
		RUR	RUR	$
Foreign Currency Translation Adjustments	Other income, net	—	54	1.7

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

5. BUSINESS COMBINATIONS AND INVESTMENT TRANSACTIONS

Disposal in 2013

Yandex.Money

In July 2013, the Company completed the sale of a 75% less one ruble interest in the charter capital of Yandex.Money to Sberbank for a cash consideration for RUR 1,964 ($60.7). A gain on sale and deconsolidation of the subsidiary in the amount of RUR 2,035 ($62.9) was recognized as other income, net.

The Company retained a non-controlling interest (25% plus one ruble) and significant influence over Yandex.Money's business as its electronic money system continues to be one of the primary payment means for the Company's advertising services. Accordingly, Yandex.Money's results of operations before the sale of a 75% less one ruble interest are classified within continuing operations and the remaining investment is accounted under the equity method within Investments in non-marketable equity securities.

Yandex.Money's assets held for sale and liabilities related to assets held for sale as of December 31, 2012 and July 4, 2013 (the date of sale) consisted of the following:

	December 31, 2012 RUR	July 4, 2013 RUR	July 4, 2013 $
Assets held for sale			
Cash and cash equivalents	1,164	1,195	36.9
Term deposits	150	280	8.7
Funds receivable, net	190	192	5.9
Goodwill	378	378	11.7
Other	142	120	3.7
Total assets held for sale	**2,024**	**2,165**	**66.9**
Liabilities related to assets held for sale			
Funds payable and amounts due to customers	1,596	1,653	51.1
Other	23	51	1.6
Total liabilities related to assets held for sale	**1,619**	**1,704**	**52.7**

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

5. BUSINESS COMBINATIONS AND INVESTMENT TRANSACTIONS (continued)

Acquisition in 2012

Seismotech

In July 2012, the Company completed the acquisition of a 25% ownership interest in Seismotech LLC ("Seismotech"), a Russian-based geophysical data processing company, for RUR 27. The Company also has a 3-year option to buy another 25% interest in Seismotech at a fixed price that is accounted for at fair value (Notes 10 and 11). The Company exercises significant influence over Seismotech and accordingly accounts for this investment under the equity method.

Disposal in 2012

Face.com

In July 2012, the Company completed the sale of its ownership interest in Face.com, Inc. (formerly Vizi Information Labs Ltd. ("Vizi Labs")) to a subsidiary of Facebook, Inc. ("Facebook") for a cash consideration of RUR 174 and 142,479 shares of Facebook. A gain on sale in the amount of RUR 234 was recognized as other income, net.

6. CASH AND CASH EQUIVALENTS, NON-CURRENT RESTRICTED CASH

Cash and cash equivalents as of December 31, 2012 and September 30, 2013 consisted of the following:

	December 31, 2012	September 30, 2013	September 30, 2013
	RUR	RUR	$
Cash	926	2,772	85.7
Cash equivalents:			
Bank deposits	5,530	2,494	77.1
Investments in money market funds	969	6,116	189.1
Total cash and cash equivalents	**7,425**	**11,382**	**351.9**

Non-current restricted cash as of December 31, 2012 and September 30, 2013 consisted of the cash reserved in a special escrow account to pay for the contingent consideration in relation to the acquisition of SPB Software group in November 2011.

7. ACCOUNTS RECEIVABLE, NET

Accounts receivable as of December 31, 2012 and September 30, 2013 consisted of the following:

	December 31, 2012	September 30, 2013	September 30, 2013
	RUR	RUR	$
Trade receivables	1,842	2,349	72.6
Allowance for doubtful accounts	(75)	(63)	(1.9)
Total accounts receivable, net	**1,767**	**2,286**	**70.7**

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

8. OTHER CURRENT AND NON-CURRENT ASSETS

Other current assets as of December 31, 2012 and September 30, 2013 consisted of the following:

	December 31, 2012	September 30, 2013	September 30, 2013
	RUR	RUR	$
VAT reclaimable	502	568	17.6
Interest receivable	558	234	7.2
Prepaid taxes	18	132	4.1
Other receivables	85	107	3.3
Inventory	8	3	0.1
Other	46	36	1.1
Total other current assets	**1,217**	**1,080**	**33.4**

Other non-current assets as of December 31, 2012 and September 30, 2013 consisted of the following:

	December 31, 2012	September 30, 2013	September 30, 2013
	RUR	RUR	$
Interest receivable	—	805	24.9
Loans to employees	199	367	11.3
Other receivables	68	158	4.9
Marketable securities (Note 9)	39	—	—
Other	36	114	3.5
Total other non-current assets	**342**	**1,444**	**44.6**

9. INVESTMENTS IN DEBT AND EQUITY SECURITIES

Investments in debt securities as of December 31, 2012 and September 30, 2013 consisted of the following:

	December 31, 2012	September 30, 2013	September 30, 2013
	RUR	RUR	$
Capital protected index-linked note (Note 11)	2,378	—	—
Credit-linked notes	2,430	2,588	80.0
Other	2	1	—
Total investments in debt securities	**4,810**	**2,589**	**80.0**

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

9. INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

Investments in equity securities as of December 31, 2012 and September 30, 2013 consisted of the following:

	December 31, 2012 RUR	September 30, 2013 RUR	September 30, 2013 $
Blekko	456	597	18.5
Yandex.Money (Note 5)	—	585	18.1
Seismotech (Note 5)	35	36	1.1
Other	9	14	0.4
Total investments in non-marketable equity securities	**500**	**1,232**	**38.1**

Marketable securities of RUR 76 and RUR 79 ($2.4) and non-current marketable securities of RUR 39 and nil as of December 31, 2012 and September 30, 2013, respectively, are comprised of shares of Facebook received in connection to the sale of Face.com (Note 5). The non-current portion of marketable securities is presented within other non-current assets within the consolidated balance sheet.

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Company does not enter into derivative arrangements for hedging, trading or speculative purposes. However, some of the Company's contracts have embedded derivatives that are bifurcated and accounted for separately from the host agreements. None of these derivatives are designated as hedging instruments.

The Company recognizes such derivative instruments as either assets or liabilities on the accompanying consolidated balance sheets at fair value and records changes in the fair value of the derivatives in the accompanying consolidated statements of income as other income, net.

The fair value of derivative instruments as of December 31, 2012 and September 30, 2013 is as follows:

	Balance Sheet Location	December 31, 2012 RUR	September 30, 2013 RUR	September 30, 2013 $
Derivative assets:				
Foreign exchange contracts	Investments in debt securities	12	—	—
Equity purchase contracts	Investments in non-marketable equity securities	8	22	0.7
Total derivative assets		**20**	**22**	**0.7**
Derivative liabilities:				
Foreign exchange contracts	Accounts payable and accrued liabilities	1	—	—
Foreign exchange contracts	Other accrued liabilities	49	20	0.6
Total derivative liabilities		**50**	**20**	**0.6**

The effect of derivative instruments not designated as hedging instruments on income for the nine month periods ended September 30, 2012 and 2013 amounted to a loss of RUR 31 and a gain of RUR 17 ($0.5), respectively.

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

11. FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1—observable inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2—inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value of financial assets and liabilities as of December 31, 2012 consisted of the following:

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
	RUR	RUR	RUR	RUR
Assets				
Cash equivalents:				
Bank deposits[1]	—	5,530	—	5,530
Investments in money market funds	969	—	—	969
Term deposits, current	—	4,629	—	4,629
Term deposits, non-current	—	10,330	—	10,330
Marketable securities, current[2]	76	—	—	76
Marketable securities, non-current[2]	39	—	—	39
Restricted cash	214	—	—	214
Loans to employees	—	199	—	199
Derivative contracts (Notes 5, 10)[2]	—	—	8	8
Capital protected index-linked note—host contract (Note 9)	—	2,366	—	2,366
Capital protected index-linked note—derivative[2] (Note 9)	—	12	—	12
	1,298	**23,066**	**8**	**24,372**
Liabilities				
Derivative contracts[2]	—	50	—	50

(1) Bank deposits with original maturities of three months or less are included in cash equivalents. Bank deposits with maturities of more than three months are classified as term deposits.

(2) Amounts are measured at fair value on a recurring basis.

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

11. FAIR VALUE MEASUREMENTS (Continued)

The fair value of financial assets and liabilities as of September 30, 2013 consisted of the following:

	Fair value measurement using				
	Level 1 RUR	Level 2 RUR	Level 3 RUR	Total RUR	Total $
Assets					
Cash equivalents:					
Bank deposits[1]	—	2,494	—	2,494	77.1
Investments in money market funds	6,116	—	—	6,116	189.1
Term deposits, current	—	470	—	470	14.5
Term deposits, non-current	—	17,330	—	17,330	535.8
Marketable securities, current[2]	79	—	—	79	2.4
Restricted cash	93	—	—	93	2.9
Loans to employees	—	367	—	367	11.3
Loans granted	—	169	—	169	5.2
Derivative contracts (Notes 5, 10)[2]	—	—	22	22	0.7
	6,288	**20,830**	**22**	**27,140**	**839.0**
Liabilities					
Derivative contracts[2]	—	20	—	20	0.6

(1) Bank deposits with original maturities of three months or less are included in cash equivalents. Bank deposits with maturities of more than three months are classified as term deposits.

(2) Amounts are measured at fair value on a recurring basis.

The fair values of the Company's Level 1 financial assets are based on quoted market prices of the identical underlying securities. The fair values of the Company's Level 2 financial assets and liabilities are based on quoted prices and market observable data of similar instruments.

There were no transfers of financial assets and liabilities between the levels of the fair value hierarchy during the three- and nine-month periods ended September 30, 2012 and 2013.

The total gains attributable to bank deposits and investments in money market funds amounted to RUR 610 and RUR 1,234 ($38.2) for the nine-month periods ended September 30, 2012 and 2013, respectively. Such amounts are included in interest income in the consolidated statements of income.

The Company had no other financial assets or liabilities measured at fair value on a recurring basis during the nine-month periods ended September 30, 2012 and 2013. The Company measures at fair value nonfinancial assets and liabilities recognized as a result of business combinations.

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

11. FAIR VALUE MEASUREMENTS (Continued)

The Company measures the fair value of investments in debt instruments carried at amortized cost for disclosure purposes. The carrying amounts and fair values of debt securities as of December 31, 2012 and September 30, 2013 were as follows:

	December 31, 2012		September 30, 2013			
	Carrying amount	Fair value	Carrying amount		Fair value	
	RUR	RUR	RUR	$	RUR	$
Credit-linked notes	2,430	2,404	2,588	80.0	2,575	79.6
Total	**2,430**	**2,404**	**2,588**	**80.0**	**2,575**	**79.6**

The Company does not estimate the fair value of non-marketable equity investments carried at cost because it did not identify events or changes in circumstances that might have had a significant adverse effect on the fair value of these investments. Furthermore, the Company believes it is not practicable to estimate the fair value of these equity investments since quoted market prices are not available and the cost of obtaining independent valuations appears excessive considering the materiality of the investments to the Company.

12. PROPERTY AND EQUIPMENT, NET

Property and equipment, net of accumulated depreciation and amortization, as of December 31, 2012 and September 30, 2013 consisted of the following:

	December 31, 2012	September 30, 2013	September 30, 2013
	RUR	RUR	$
Servers and network equipment	7,517	9,394	290.4
Infrastructure systems	3,092	3,295	101.9
Land and buildings	823	995	30.8
Office furniture and equipment	731	910	28.1
Leasehold improvements	577	625	19.3
Other equipment	82	64	1.9
Assets not yet in use	568	1,021	31.6
Purchased technologies and licenses	1,598	2,163	66.9
Total	14,988	18,467	570.9
Less: accumulated depreciation and amortization	(6,893)	(9,497)	(293.6)
Total property and equipment, net	**8,095**	**8,970**	**277.3**

Assets not yet in use primarily represent computer equipment and other assets under installation, including related prepayments, and comprise the cost of the assets and other direct costs applicable to purchase and installation. Leasehold improvements in the amount of RUR 26 and RUR 17 ($0.5) are included in assets not yet in use as of December 31, 2012 and September 30, 2013, respectively.

Depreciation expenses related to property and equipment, except for purchased technologies and licenses, for the nine-month periods ended September 30, 2012 and 2013 amounted to RUR 1,795

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

12. PROPERTY AND EQUIPMENT, NET (Continued)

and RUR 2,303 ($71.2), respectively. Amortization expenses related to purchased technologies and licenses for the nine-month periods ended September 30, 2012 and 2013 amounted to RUR 227 and RUR 336 ($10.4), respectively.

Estimated amortization expense over the next five years for purchased technologies and licenses included in property and equipment, net as of September 30, 2013 are as follows:

	RUR	$
For the year ending December 31, 2013	115	3.6
For the year ending December 31, 2014	424	13.1
For the year ending December 31, 2015	362	11.2
For the year ending December 31, 2016	237	7.3
For the year ending December 31, 2017	140	4.3
Thereafter	29	0.9
Total	**1,307**	**40.4**

13. INTANGIBLE ASSETS, NET

Intangible assets, net of amortization, as of December 31, 2012 and September 30, 2013 consisted of the following intangible assets acquired as part of business combinations:

	December 31, 2012			September 30, 2013			
	Cost	Less: Accumulated amortization	Net carrying value	Cost	Less: Accumulated amortization	Net carrying value	Net carrying value
	RUR	RUR	RUR	RUR	RUR	RUR	$
Software	283	(114)	169	297	(143)	154	4.7
Patents and licenses	161	(66)	95	166	(96)	70	2.2
Customer relationships	62	(13)	49	66	(17)	49	1.5
Contracts with suppliers	23	(19)	4	23	(21)	2	0.1
Non-compete agreements	17	(11)	6	15	(15)	—	—
Total intangible assets	**546**	**(223)**	**323**	**567**	**(292)**	**275**	**8.5**

Amortization expenses of intangible assets for the nine-month periods ended September 30, 2012 and 2013 were RUR 69 and RUR 66 ($2.0), respectively.

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

13. INTANGIBLE ASSETS, NET (Continued)

Estimated amortization expense over the next five years for intangible assets included in the accompanying consolidated balance sheet as of September 30, 2013 are as follows:

	RUR	$
For the year ending December 31, 2013	20	0.7
For the year ending December 31, 2014	49	1.5
For the year ending December 31, 2015	44	1.4
For the year ending December 31, 2016	44	1.3
For the year ending December 31, 2017	44	1.3
Thereafter	74	2.3
Total	**275**	**8.5**

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of December 31, 2012 and September 30, 2013 comprise the following:

	December 31, 2012	September 30, 2013	September 30, 2013
	RUR	RUR	$
Trade accounts payable and accrued liabilities	2,081	2,572	79.5
Salary and other compensation expenses payable/accrued to employees	432	751	23.2
Total accounts payable and accrued liabilities	**2,513**	**3,323**	**102.7**

15. COMMITMENTS AND CONTINGENCIES

Lease and Other Commitments

In December 2008, the Company signed an agreement for a ten-year lease of office space in Moscow. In April 2011, the Company entered into two more lease agreements to increase the size of its rented office space located in its headquarters complex in Moscow for the remaining period of the original lease.

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

15. COMMITMENTS AND CONTINGENCIES (Continued)

As of September 30, 2013, future minimum lease payments due under this lease and other non-cancellable operating leases for more than one year are as follows:

Payments due in the years ending December 31,	10-year Moscow lease	Other leases	Total	Total
	RUR	RUR	RUR	$
2013	270	178	448	13.9
2014	1,108	616	1,724	53.3
2015	1,138	345	1,483	45.8
2016	1,169	167	1,336	41.3
2017	1,166	59	1,225	37.9
2018 and thereafter	426	19	445	13.7
Total	**5,277**	**1,384**	**6,661**	**205.9**

For the purposes of the disclosure above, the Company assumed the full 10-year period of the lease and no changes in the rented space or rental price.

For the nine-month periods ended September 30, 2012 and 2013, rent expenses under operating leases totaled approximately RUR 1,229 and RUR 1,308 ($40.4), respectively.

Copyright Infringement Claims

In the ordinary course of business, the Company is a party to various legal proceedings, and subject to claims, certain of which relate to copyright infringement. The Company believes that its liability, if any, in all such pending litigation, other legal proceedings or other matters will not have a material effect upon its financial condition, results of operations or the liquidity of the Company.

Environment and Current Economic Situation

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses continue to change rapidly and tax and regulatory frameworks are subject to varying interpretations.

In particular, taxes are subject to review and investigation by a number of authorities authorized by law to impose fines and penalties. Although the Company believes it has provided adequately for all tax liabilities based on its understanding of the tax legislation, the above factors may create tax risks for the Company. In addition to the obligations shown in the lease commitments section above, approximately RUR 18 ($0.6) of unrecognized tax benefits have been recorded as liabilities, and the Company is uncertain as to if or when such amounts may be settled. Related to unrecognized tax benefits, the Company has also recorded a liability for potential penalties of RUR 2 ($0.1) and interest of RUR 2 ($0.1). As of September 30, 2013, except for the income tax contingencies described above, the Company accrued RUR 14 ($0.4) for contingencies related to non-income taxes.

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

15. COMMITMENTS AND CONTINGENCIES (Continued)

The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, the Russian economy is particularly sensitive to the price of oil and gas on the world market.

16. SHARE-BASED COMPENSATION

Employee Equity Incentive Plan

The Company has granted Share-Based Awards to employees and consultants of the Company pursuant to its Third Amended and Restated 2007 Equity Incentive Plan (the "2007 Plan").

The following table summarizes awards activity for the Company under the 2007 Plan:

	Options		Share Appreciation Rights ("SARs")		Restricted Share Units ("RSUs")	
	Quantity	Weighted average exercise price per share	Quantity	Weighted average exercise price per share	Quantity	Weighted average exercise price per share
Outstanding as of January 1, 2013	**10,133,771**	**$ 4.42**	**901,265**	**$ 20.21**	**1,871,703**	—
Granted	28,000	27.74	670,000	32.14	776,130	—
Exercised	(3,648,314)	3.31	(54,025)	19.33	(103,404)	—
Forfeited	(100,143)	6.13	(4,825)	20.99	(79,419)	—
Cancelled	—	—	(250)	20.99	(128)	—
Outstanding as of September 30, 2013	**6,413,314**	**$ 5.12**	**1,512,165**	**$ 25.52**	**2,464,882**	—

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

16. SHARE-BASED COMPENSATION (Continued)

The following table summarizes information about outstanding and exercisable awards under the 2007 Plan as of September 30, 2013:

		Awards Outstanding			Awards Exercisable		
Exercise Price ($)	Type of award	Number outstanding	Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value	Number exercisable	Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
0.83	Option	455,000	1.75	$ 16.2	455,000	1.75	$ 16.2
2.16	Option	879,018	2.77	30.1	879,018	2.77	30.1
2.74	Option	725,300	3.65	24.4	725,300	3.65	24.4
3.40	Option	465,700	4.34	15.4	465,700	4.34	15.4
3.43	Option	262,845	5.63	8.7	262,845	5.63	8.7
3.51	Option	869,089	6.12	28.6	789,839	6.12	26.0
4.16	Option	952,068	6.68	30.7	650,318	6.68	21.0
8.77	Option	1,608,294	7.10	44.5	943,294	7.10	26.1
25.00	Option	168,000	7.65	1.9	94,500	7.65	1.0
27.74	Option	28,000	9.65	0.2	—	—	—
Total Options		**6,413,314**	**5.30**	**200.7**	**5,265,814**	**4.93**	**168.9**
16.95	SARs	9,375	8.22	0.2	4,102	8.22	0.1
18.44	SARs	—	—	—	—	—	—
19.00	SARs	325,000	8.82	5.7	37,500	8.82	0.7
20.99	SARs	87,790	8.17	1.3	34,189	8.17	0.5
21.05	SARs	400,000	9.13	6.1	—	—	—
23.19	SARs	20,000	8.43	0.3	7,500	8.43	0.1
23.29	SARs	50,000	9.13	0.7	—	—	—
32.85	SARs	620,000	9.82	2.2	—	—	—
Total SARs		**1,512,165**	**9.28**	**16.5**	**83,291**	**8.49**	**1.4**
nil	RSUs	2,464,883	9.05	89.8	282,741	8.56	10.3
Total		**10,390,362**	**6.77**	**$ 307.0**	**5,631,846**	**5.17**	**$ 180.6**

The following table summarizes information about non-vested share awards under the 2007 Plan:

	Options		SARs		RSUs	
	Quantity	Weighted Average Grant Date Fair Value	Quantity	Weighted Average Grant Date Fair Value	Quantity	Weighted Average Grant Date Fair Value
Non-vested as of January 1, 2013	**2,338,561**	**$ 4.37**	**873,449**	**$ 10.43**	**1,788,352**	**$ 19,23**
Granted	28,000	13.46	670,000	15.50	776,130	27.30
Vested	(1,118,918)	3.82	(109,750)	10.54	(302,921)	18.42
Forfeited	(100,143)	3.73	(4,825)	12.45	(79,419)	21.71
Non-vested as of September 30, 2013	**1,147,500**	**$ 5.19**	**1,428,874**	**$ 12.83**	**2,182,142**	**$ 22.13**

At September 30, 2013, there was RUR 1,932 ($59.7) of unamortized share-based compensation expense related to unvested share options, RSUs and SARs which is expected to be recognized over a weighted average period of 3.04 years. The Company expects that all but an insignificant

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

16. SHARE-BASED COMPENSATION (Continued)

portion of options and SARs outstanding will vest and therefore has not applied a forfeiture rate in estimating the total awards expected to vest. The Company expects 1,898,184 out of 2,182,142 RSUs to vest after September 30, 2013. To the extent the actual forfeiture rate is different from the Company's estimate, share-based compensation related to these awards will be different from our expectations.

Ex-Plan Options

In January 2009, the Company hired certain former sales and product development employees of Mediaselling LLC ("Mediaselling"). The Company granted some of these former Mediaselling employees performance-based options to purchase an aggregate of 378,000 Class A shares.

The following table summarizes activity for these ex-plan options:

	Quantity	Weighted Average Exercise Price
Outstanding as of January 1, 2013	**273,690**	**€ 0.01**
Exercised	(231,940)	0.01
Cancelled	(2,800)	0.01
Outstanding as of September 30, 2013	**38,950**	**€ 0.01**

The following table summarizes information about non-vested ex-plan share options:

	Quantity	Weighted Average Grant Date Fair Value
Non-vested as of January 1, 2013	**152,600**	**$ 3.42**
Vested	(149,800)	3.42
Cancelled	(2,800)	3.42
Non-vested as of September 30, 2013	**—**	**—**

As of September 30, 2013, these ex-plan options have a remaining contractual life of 5.62 years; 38,950 outstanding and exercisable ex-plan options have an intrinsic value of RUR 46 ($1.4).

At September 30, 2013, there was no unamortized share-based compensation expense related to unvested ex-plan options.

Ex-plan RSUs

In November 2011, the Company acquired SPB Software Group and subsequently granted 25,000 RSUs to some of the former SPB Software employees. As of September 30, 2013, these ex-plan RSUs have a remaining contractual life of 8.22 years; 20,250 of these outstanding RSUs have an intrinsic value of RUR 24 ($0.7); 8,438 exercisable ex-plan RSUs have an intrinsic value of RUR 10 ($0.3). These RSUs had a grant date fair value of $16.94 per share, resulting in unamortized share-based compensation expense of RUR 6 ($0.2) that is expected to be recognized over a 2.25 year period.

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

16. SHARE-BASED COMPENSATION (Continued)

Share-Based Compensation Expense

The Company recognized share-based compensation expense of RUR 261 and RUR 531 ($16.4) for the nine- month periods ended September 30, 2012 and 2013, respectively. The Company recognized RUR 3 and RUR 6 ($0.2) in related tax benefits for the nine months ended September 30, 2012 and 2013, respectively.

17. INFORMATION ABOUT REVENUES & GEOGRAPHIC AREAS

The Company's revenues consist of the following, for the three- and nine-month periods ended September 30, 2012 and 2013, respectively:

	Three months ended September 30,			Nine months ended September 30,		
	2012	2013	2013	2012	2013	2013
	RUR	RUR	$	RUR	RUR	$
Advertising revenue[1]:						
Text-based advertising:						
Yandex websites	5,255	7,011	216.8	14,429	19,578	605.3
Yandex ad network websites	1,284	2,339	72.3	3,436	5,055	156.3
Total text-based advertising	6,539	9,350	289.1	17,865	24,633	761.6
Display advertising	580	782	24.2	1,628	2,227	68.8
Total advertising revenue	7,119	10,132	313.3	19,493	26,860	830.4
Online payment commissions	133	7	0.2	374	394	12.2
Other revenues	21	79	2.4	81	162	5.0
Total revenues	**7,273**	**10,218**	**315.9**	**19,948**	**27,416**	**847.6**

(1) The Company records revenue net of VAT, commissions and discounts. Because it is impractical to track commissions and discounts for text-based advertising revenues generated on Yandex websites and on those of the Yandex ad network members separately, the Company has allocated commissions and discounts between its Yandex websites and the Yandex ad network websites proportionately to their respective gross revenue contributions.

Revenues by geography are based on the billing address of the advertiser. The following table sets forth revenues and long-lived assets other than financial instruments and deferred tax assets by geographic area:

	Three months ended September 30,		
	2012	2013	2013
	RUR	RUR	$
Revenues:			
Russia	6,893	9,443	291.9
Rest of the world	380	775	24.0
Total revenues	**7,273**	**10,218**	**315.9**

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

17. INFORMATION ABOUT REVENUES & GEOGRAPHIC AREAS (Continued)

	Nine months ended September 30,		
	2012	2013	2013
	RUR	RUR	$
Revenues:			
Russia	18,961	25,599	791.4
Rest of the world	987	1,817	56.2
Total revenues	**19,948**	**27,416**	**847.6**

	December 31, 2012	September 30, 2013	September 30, 2013
	RUR	RUR	$
Long-lived assets, net:			
Russia	8,447	8,993	278.0
US	1,043	898	27.8
Rest of the world	408	997	30.8
Total long-lived assets, net	**9,898**	**10,888**	**336.6**

18. SUBSEQUENT EVENTS

In October 2013, the Company completed the acquisition of a 100% ownership interest in KinoPoisk LLC and its subsidiaries ("KinoPoisk"), operating a Russian-language website dedicated to movies, television programs and celebrities, for a cash consideration $80.0 million (RUR 2,577 at the exchange rate as of the acquisition date) paid in full upon closing of the deal, including $3.0 million (RUR 97) paid to escrow account. KinoPoisk is expected to give the Company additional opportunities for placing customers' advertising. The acquisition will be accounted for as a business combination and, accordingly, the total purchase price will be allocated to the tangible and intangible assets acquired and the liabilities assumed based on their respective fair values as of the acquisition date. The Company is currently working on the preliminary purchase price allocation and expects it to be completed by the end of 2013.

In November and December 2013, the Company granted RSUs and SARs to purchase an aggregate of 526,650 and 135,000 Class A shares to its employees, respectively, pursuant to the 2007 Plan.

From October 1 through December 9, 2013, the Company repurchased approximately 2,063,522 Class A shares at an average price of $38.19 per share, for a total amount of RUR 2,558.

QuickLinks

Exhibit 99.3

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the unaudited condensed consolidated balance sheet as of September 30, 2013 and the unaudited condensed consolidated income statements for the nine months ended September 30, 2012 and 2013 and the notes thereto included in this offering circular, the section titled "Operating and Financial Review and Prospects" in our 2012 Annual Report and the audited consolidated balance sheets as of December 31, 2011 and 2012 and the audited consolidated statements of income, comprehensive income, cash flows and shareholders' equity for the years ended December 31, 2010, 2011 and 2012, and the notes thereto, included in the 2012 Annual Report and incorporated by reference herein. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or in other parts of this offering circular.

Overview

We are one of the largest European internet companies, operating Russia's most popular search engine. Our principal constituencies are:

- *Users.* We provide our users with advanced search capabilities and an extensive range of online and mobile services that enable them to find relevant, objective information quickly and easily, and communicate and connect over the internet.
- *Advertisers.* Our online advertising platform allows advertisers to reach a large audience of users in their markets and deliver cost-effective text-based and display advertising. With Yandex.Direct, our auction-based advertising platform, advertisers can promote their products and services through relevant ads targeted to a particular user query, the content of a website or webpage being viewed, or user behavior or characteristics.
- *Yandex ad network partners.* We have relationships with a large number of third-party websites, which we refer to as the Yandex ad network. In addition to serving ads on our own websites, we also serve ads on our network partners' websites and share the fees generated by these ads with our partners, providing an important revenue stream for them.

Our yandex.ru website first began generating revenue in 1998. We became profitable in 2003 and have been profitable every year since then. We operate as a single business segment.

Advertising revenues accounted for 97.9%, 97.7% and 98.0% of our total revenues in 2011, 2012 and the nine months ended September 30, 2013, respectively. Our advertising revenues consist of fees charged to advertisers for serving text-based and display ads on our websites and those of our partners in the Yandex ad network. Most of our revenues are generated from text-based advertising, with a smaller portion generated from display advertising. We place the significant majority of our text-based ads through Yandex.Direct and the remainder through Yandex.Market, our e-commerce gateway service. We generally sell our text-based ads on a prepaid basis. Our Yandex.Direct and Yandex.Market advertisers generally pay us on a cost-per-click (CPC) basis, which means that we recognize revenue only when a user clicks on one of our advertisers' ads. Our display advertising is generally sold on a cost-per-thousand (CPM) impressions basis. An "impression" is a single instance of sending an ad for display on a web browser or other connected internet application. For these ads, we recognize as revenue the fees charged to advertisers when their ads are displayed. In November 2013, we introduced cost-per-action advertising in our Yandex.Market service and recognize revenue from these ads only when the desired action has occurred.

We recognize our advertising revenues net of value added tax (currently 18.0% in Russia), sales commissions and customer credits. Although the major part of our revenues is generated by direct sales to our advertisers, a significant portion of our advertising sales are sold through media agencies. We recognize revenues from those advertising sales net of the commissions paid to these agencies.

We benefit from a large and diverse base of advertisers. We had more than 270,000 advertisers in 2011 and approximately 350,000 in 2012. In the nine months ended September 30, 2012 and 2013, we had more than 290,000 and more than 375,000 advertisers, respectively. Our advertisers include individuals and small, medium and large enterprises across Russia and the other countries in which we operate, as well as large multinational corporations. No particular advertiser accounted for more than 1% of our total revenues in 2011, 2012 or the nine months ended September 30, 2013. On a geographical basis, we generated more than 95% of our total revenues in each of 2011 and 2012 and more than 93% of our total revenues in the nine months ended September 30, 2013 from advertisers and other customers with billing addresses in Russia, including the Russian offices of large multinational advertisers.

We serve ads both on our own websites and on the websites of our partners in the Yandex ad network. For text-based ads served on the websites of our partners in the Yandex ad network, we recognize as revenue the fees paid to us by advertisers each time a user clicks on one of their text-based ads or, for those advertisers paying for display ads on a cost-per-thousand impressions basis, as their ads are displayed. We pay our partners in the Yandex ad network fees for serving our advertisers' ads on their websites. These fees are primarily based on revenue-sharing arrangements. As such, the fees paid to our partners in the Yandex ad network are calculated as a percentage of the revenues we earn by serving ads on our partners' websites. We account for the fees we pay to our partners in the Yandex ad network as traffic acquisition costs, a component of cost of revenues. Since we launched our Yandex ad network in 2006, these costs annually have, in aggregate, amounted to more than one-half of the revenues we have earned from serving ads on the Yandex ad network and we expect them to continue to do so in the foreseeable future. Yandex ad network partners do not pay us any fees associated with our serving ads on their websites.

Our agreements with our partners in the Yandex ad network generally have an indefinite term but may be terminated by either party at will with no termination fees. Agreements with larger partners in the Yandex ad network are individually negotiated and vary in duration but typically renew automatically. Our agreement with Mail.ru provides for mutual, material early termination penalties under specified circumstances. In 2011, 2012 and the nine months ended September 30, 2013, none of our ad network partners accounted for more than 6% of our total revenues. As we provided paid search for Mail.ru only for the last three months of the nine months ended September 30, 2013, we currently expect Mail.ru's share of our total revenues to increase in the full years 2013 and 2014.

We believe the most significant factors that influence our ability to continue to increase our advertising revenues include the following:

- the level of internet penetration and usage in Russia and the other markets in which we operate;
- the traffic on our own websites and those of our partners in the Yandex ad network;
- the relevance, objectivity and quality of our search results and the quality of our other services and of the Yandex ad network;
- our search market share, with a larger market share allowing us to better monetize our users' search activity and attract and retain advertisers, as well as partners in our Yandex ad network;

- the demand for online advertising in Russia and the other markets in which we operate, particularly among small and medium-size businesses that have not previously used the internet as an advertising medium; and

- our ability to effectively monetize traffic generated by our websites and those of the Yandex ad network partners, including through improvements to our advanced auction and advertising placement system, while maintaining an attractive return on investment for our advertisers.

Key Trends Impacting Our Results of Operations

Our business and revenues have grown rapidly since inception. The effectiveness of text-based advertising as a medium has contributed to the rapid growth of our business. Advertising spending continues to shift from offline to online as the internet evolves and we expect that our business will continue to grow. However, we expect that our revenue growth rate will continue to decline over time as a result of a number of factors, including challenges in maintaining our growth rate as our revenues increase to higher levels, increasing competition, changes in the nature of queries, the evolution of the overall online advertising market and the declining rate of growth in internet users in Russia as overall internet penetration increases.

Our operating margins, representing our income from operations as a percentage of revenues, may fluctuate in the future depending on the percentage of our advertising revenues that we derive from the Yandex ad network compared with our own websites. The operating margin we realize on revenues generated from the websites of our partners in the Yandex ad network is significantly lower than the operating margin generated from our own websites. This lower operating margin arises because of the cost of revenues we incur given that we pay to our partners, on average, more than one-half of the advertising fees we earn from serving ads on Yandex ad network websites. The percentage of our advertising revenues derived from the Yandex ad network increased from 14.9% in 2011 to 17.4% in 2012 and to 18.8% for the nine months ended September 30, 2013 and contributed to the overall decline in our operating margin. We currently expect that the portion of our advertising revenues derived from the Yandex ad network will continue to grow for the full year 2013 and 2014, resulting in a further decline in our operating margin. The principal driver of this is our agreement to power paid search on Mail.ru starting from July 2013. Furthermore, the margin we earn, on average, on revenue generated from the Yandex ad network could decrease in the future if we are required to share with our partners a greater percentage of the advertising fees generated through their websites.

Growth in mobile search may also have an impact on our operating margins. The number of search queries from mobile telephones, including both smartphones and feature phones, and tablet devices is growing more quickly than desktop queries. Queries from mobile phones and tablet devices still, however, represented less than 15% of our total search queries and less than 10% of total revenues for the year ended December 31, 2012 and for the nine months ended September 30, 2013. To date, growth in mobile usage has not had a material impact on our pricing, revenues or operating margins, however, we have seen some evidence that this growth may exert modest downward pressure on our operating margins in the future.

Recent and future capital expenditures may also put pressure on our operating margins. Our capital expenditures decreased from RUR 5,530 million in 2011 to RUR 3,984 million in 2012. We spent 73% of our total capital expenditures in 2012 on servers and data center expansion to support growth in our current operations and potential international expansion. Through September 30, 2013, our capital expenditures were RUR 3,271 million. We currently expect that our capital expenditures for full the year 2013 may be higher as a percentage of revenues in comparison to 2012.

To support further brand enhancement and respond to competitive pressures, we spent larger amounts in 2011, 2012 and the nine months ended September 30, 2013 on offline advertising and marketing than we have spent historically, both in absolute terms and as a percentage of revenue. For 2012 and the first half of 2013, this increase relates in part to our efforts to build our brand and expand market share in Turkey. In addition, in 2012 and the nine months ended September 30, 2013, we increased our advertising and marketing expenses to promote new product launches in Russia, including our Yandex Browser. We expect to continue to invest significantly in advertising and marketing. This spending could negatively impact our operating margin if it does not drive revenue growth in the manner that we anticipate.

Our operating margin may also decline as a result of entering into more arrangements with partners that distribute our Yandex.Elements collection of services or that otherwise direct search queries to our website. We generally compensate our distribution partners on either a revenue-sharing basis or on the basis of the number of our browser toolbars or search bars installed. We expect to continue to expand the number of our distribution relationships in order to increase our user base and to make it easier to access our services.

One of our strategic objectives is to expand internationally. Toward that end, in September 2011, we officially launched our site in Turkey and continue to expand our offering of services and apps for both desktop and mobile platforms localized for that market. As we seek to increase our Turkish user base, we will incur costs to tailor our site to address the preferences and needs of users in Turkey and to acquire local content and services, such as additional maps and other offerings. International expansion also requires the development of new technologies, such as technology for storing web documents in different languages and document prioritization technology. Our international expansion efforts will require us to incur additional costs that may contribute to a decline in our operating margins until we succeed in building the user base necessary to begin generating sufficient revenues in these new jurisdictions to earn accretive operating margins there.

Our revenues are impacted by seasonal fluctuations in internet usage and seasonality in advertising expenditures. Internet usage and advertising expenditures generally slow down during the months of January, May, June and July, when there are extended Russian public holidays and vacations, and are significantly higher in the fourth quarter of each year. Moreover, expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, retail patterns and advertising budgeting and buying patterns.

Inflation in Russia has also impacted our results of operations and may continue to do so. According to the Russian Federal State Statistics Service (Rosstat), the consumer price index in Russia increased by 6.1%, 6.6% and 4.7% in 2011, 2012 and the nine months ended September 30, 2013, respectively. Although the annual rate of inflation has been relatively stable over the last few years, we can provide no assurance that it will continue to be. Higher rates of inflation may accelerate increases in our operating expenses, most notably personnel expenses, and reduce the value and purchasing power of our ruble-denominated assets, such as cash, cash equivalents and term deposits.

Changes in the value of the U.S. dollar compared with the Russian ruble can also negatively affect our results of operations. See "Risk Factors—Risks Related to Our Business and Industry—Fluctuations in currency exchange rates may materially adversely affect our business, financial condition and results of operations."

Recent Acquisitions

Seismotech

In July 2012, we completed the acquisition of a 25% ownership interest in Seismotech LLC, a Russian-based geophysical data processing company, for RUR 27 million. We also have a 3-year option to buy another 25% interest in that company at a fixed price.

SPB Software

In November 2011, we acquired the mobile software business of SPB Software. The acquisition consisted of 100% of the shares of SPB Software, Inc. (US), SPB Software Limited (Hong Kong) and SPB Software Co. Limited (Thailand), and the assets of Phonesoft Consulting Ltd. (Russia). In connection with the acquisition, we made initial cash payments to the sellers aggregating $24.3 million (RUR 745 million at the exchange rate as of the acquisition date) on closing. We also agreed to make further aggregate contingent cash payments to the sellers of a maximum aggregate amount of $14.1 million (RUR 433 million at the exchange rate as of the acquisition date), payable on the achievement of specified performance milestones and the continued employment of the relevant sellers. We paid $7.1 million (RUR 216 million) of this contingent consideration in November 2012, $4.1 million (RUR 126 million) in February 2013, and the remaining $2.9 million (RUR 90 million) in November 2013.

In accordance with U.S. GAAP, we did not record these contingent payments as purchase price consideration but instead accrued for them as compensation expense included within our product development and selling, general and administrative expenses in 2012 and 2013. The accrual of this compensation expense, along with additional amortization expense related to the intangible assets acquired in this acquisition, negatively affected our operating margins. See "—Results of Operations—Operating Costs and Expenses."

KinoPoisk

In October 2013, we completed the acquisition of a 100% ownership interest in KinoPoisk LLC and its subsidiaries, the largest and, we believe, most comprehensive Russian-language website dedicated to movies, television programs and celebrities, for cash consideration of $80.0 million (RUR 2,577 million at the exchange rate as of the acquisition date) paid in full upon closing, including $3.0 million (RUR 97 million) paid into escrow.

Recent Dispositions

Yandex.Money

In July 2013, we completed our sale of a 75% (less one ruble) interest in Yandex.Money to Sberbank for $59.1 million (RUR 1,964 million at the exchange rate as of the acquisition date) in cash. Concurrent with the sale of our interest in Yandex.Money, we formed a joint venture with Sberbank in respect of this business. As a result of this sale, we deconsolidated Yandex.Money and no longer show its online payment commissions as revenue. Since July 2013, we have accounted for Yandex.Money using the equity method, and, therefore, we record our share of the results of operations of the joint venture within the other income, net, line on our consolidated statements of income.

Face.com

In July 2012, we completed the sale of our ownership interest in Face.com, Inc. (formerly Vizi Information Labs Ltd.) to a subsidiary of Facebook, Inc. ("Facebook") for cash consideration of

$5.7 million (RUR 174 million at the exchange rate as of the sale date) and 142,479 shares of Facebook, of which we sold 93,971 shares in the nine months ended September 30, 2013.

Results of Operations

The following table presents our historical results of operations as a percentage of revenues for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Operating costs and expenses:					
Cost of revenues	20.7	23.5	25.0	25.6	25.8
Product development	16.6	15.6	14.8	15.8	15.2
Sales, general and administrative	14.7	16.4	17.0	16.2	16.6
Depreciation and amortization	9.4	9.4	10.3	10.5	9.9
Total operating costs and expenses	61.4	64.9	67.1	68.1	67.5
Income from operations	38.6	35.1	32.9	31.9	32.5
Interest income	1.2	1.1	3.5	3.3	4.8
Other income, net	0.2	0.3	0.4	0.4	7.5
Net income before income taxes	40.0	36.5	36.8	35.6	44.8
Provision for income taxes	9.5	7.7	8.2	7.8	7.9
Net income	30.5%	28.8%	28.6%	27.8%	36.9%

Our operating margin increased from 31.9% for the nine months ended September 30, 2012 to 32.5% for the nine months ended September 30, 2013. This increase was primarily due to a decline in our product development and depreciation expenses as a percentage of our total revenues.

Nine months ended September 30, 2013 compared to nine months ended September 30, 2012

Revenues

The following table presents our revenues, by source, for the periods presented:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(in millions of RUR)				
Advertising revenues[1]:					
Text-based advertising:					
Yandex websites	9,454	14,590	20,610	14,429	19,578
Yandex ad network websites	1,506	2,922	4,898	3,436	5,055
Total text-based advertising	10,960	17,512	25,508	17,865	24,633
Display advertising	1,229	2,096	2,592	1,628	2,227
Total advertising revenues	12,189	19,608	28,100	19,493	26,860
Online payment commissions[2]	263	383	552	374	394
Other revenues	48	42	115	81	162
Total revenues	12,500	20,033	28,767	19,948	27,416

(1) We record revenue net of VAT, commissions and discounts. Because it is impractical to track commissions and discounts for advertising revenues generated on our own websites and on those of our partners in the Yandex ad network separately, we have allocated commissions and discounts between our own websites and those of our partners in the Yandex ad network proportionally to their respective revenue contributions.

(2) In connection with our sale of a 75% (less one ruble) interest in Yandex.Money to Sberbank, we ceased recording online payment commissions as revenues as of July 2013 and now account for Yandex.Money using the equity method. See "—Recent Dispositions."

The following table presents our revenues, by source, as a percentage of total revenues for the periods presented:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
Advertising revenues:					
Text-based advertising:					
Yandex websites	75.6%	72.8%	71.6%	72.3%	71.4%
Yandex ad network websites	12.1	14.6	17.1	17.2	18.4
Total text-based advertising	87.7	87.4	88.7	89.5	89.8
Display advertising	9.8	10.5	9.0	8.2	8.2
Total advertising revenues	97.5	97.9	97.7	97.7	98.0
Online payment commissions	2.1	1.9	1.9	1.9	1.4
Other revenues	0.4	0.2	0.4	0.4	0.6
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%

Advertising revenues. Total advertising revenues increased by RUR 7,367 million, or 37.8%, for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012. Advertising revenue growth over the periods under review resulted primarily from growth in sales of text-based ads, driven by an increase in the number of paid clicks and in the average cost-per-click paid by our advertisers. Paid clicks on our own websites together with those of our Yandex ad network partners increased by 32% for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012. The average cost-per-click on our own websites together with those of our partners in the Yandex ad network increased by 5% for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012, reflecting supply and demand dynamics.

The year-over-year rates of change in paid clicks and average cost-per-click for the quarters set out below were as follows:

Quarter	Year-over-year growth in paid clicks	Year-over-year growth in cost-per-click
First Quarter 2012	61%	(5)%
Second Quarter 2012	62	(7)
Third Quarter 2012	35	5
Fourth Quarter 2012	26	11
First Quarter 2013	18	14
Second Quarter 2013	29	5
Third Quarter 2013	50%	(5)%

The fluctuations in paid clicks and in average cost-per-click during the periods under review were driven primarily by the following factors:

- *Growth in the number of internet users in Russia.* The number of internet users in Russia grew at a compound annual growth rate of 14.8% from summer 2010 to summer 2013, reaching 66.1 million, according to FOM. As internet usage has spread, the rate of growth has been declining, with the number of users in Russia increasing by 18.9% from summer 2010 to summer 2011, 14.3% from summer 2011 to summer 2012 and 11.3% from summer 2012 to summer 2013, according to FOM.

- *Increased traffic and search market share.* We experienced a significant increase in traffic on our own websites, consistent with the growth in the number of internet users in Russia, augmented by a steady increase in our search market share from the beginning of 2012 through September 30, 2013. According to Liveinternet.ru, our share of the Russian internet search market increased from 60.1% in the nine months ended September 30, 2012 to 61.8% in the nine months ended September 30, 2013, principally as a result of improvements in our search engine algorithms and more traffic being delivered through new and existing distribution partners.

- *Growth in the size of the Russian online advertising market.* The total Russian online advertising market grew from RUR 37.9 billion for the nine months ended September 30, 2012 to RUR 48.8 billion for the nine months ended September 30, 2013, according to the Russian Association of Communication Agencies ("AKAR"). According to our internal calculations (based on AKAR data), our share of the Russian online advertising market was 58% in the nine months ended September 30, 2013.

The rate of change in paid clicks and average cost-per-click, and their correlation with the rate of increase in our revenues, may fluctuate from period to period based on the factors described above, as well as other factors such as seasonality, advertiser competition for keywords, our ability to launch enhanced advertising products that seek to deliver increasingly targeted ads, the fees advertisers are willing to pay based on how they manage their advertising costs, and general economic conditions.

Display advertising revenues. Display advertising revenues accounted for approximately 8% of total revenues in both the nine months ended September 30, 2012 and 2013, representing a 36.8% increase in display advertising revenues over such periods.

Online payment commissions. Online payment commissions decreased from 1.9% of total revenues for the nine months ended September 30, 2012 to 1.4% of total revenues for the nine months ended September 30, 2013 because we completed our sale of a 75% (less one ruble) interest in Yandex.Money to Sberbank in July 2013 and, since then, no longer record Yandex.Money's online payment commissions as revenue. We concurrently formed a joint venture with Sberbank with respect to the Yandex.Money business and now account for Yandex.Money using the equity method of accounting.

Other revenues. Other revenues mainly represent software sales, paid services and sublease revenues. Revenues from software sales have increased slightly since our acquisition of SPB Software in November 2011. Other revenues growth also increased slightly the development of paid non-advertising services and the sublease of rented premises.

Operating Costs and Expenses

Our operating costs and expenses consists of cost of revenues; product development expenses; sales, general and administrative expenses; and depreciation and amortization expense. In addition to the reasons discussed below with respect to each category, we generally expect our total operating costs and expenses to increase in absolute terms in the near term, which may also result in an increase as a percentage of revenues; see "—Key Trends Impacting Our Results of Operations."

Cost of revenues. Cost of revenues consists primarily of traffic acquisition costs. Traffic acquisition costs are the amounts paid to our partners in the Yandex ad network for serving our text-based and display ads on their websites and to our partners who distribute our Yandex.Elements collection of services or otherwise direct search queries to our websites. These amounts are primarily based on revenue-sharing arrangements. Some of our distribution partners are compensated on the basis of the number of Yandex browser toolbars or search bars installed.

The agreements with our distribution partners provide for payment of fees to them on a non-refundable basis following the period in which the distribution fees are earned. We do not have a standard term or termination provision that applies to agreements with our distribution partners. Our two largest distribution partners in 2012, Mozilla and Opera, accounted in aggregate for 51.9% of our distribution costs in the nine months ended September 30, 2012. In July 2012, Mozilla switched to a different default search provider in its new version of the Firefox browser in Russia, although we continued to share revenues with Mozilla with respect to users of the previous version of the Firefox browser. During 2012, we entered into a multi-year extension of our distribution agreement with Opera. The Opera agreement also provides for a 12-month "revenue tail" period should that agreement be terminated. As a result of the Mozilla agreement termination, Mozilla and Opera's share of our distribution costs in aggregate declined to 31.0% of our distribution costs in the nine months ended September 30, 2013.

Cost of revenues also includes the expenses associated with the operation of our data centers, including related personnel costs, rent, utilities and telecommunications bandwidth costs; content acquisition costs; and costs of online payments processing.

The following table presents the primary components of our cost of revenues in absolute terms and as a percentage of revenues for the periods presented:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(in millions of RUR, except percentages)				
Traffic acquisition costs:					
Traffic acquisition costs related to the Yandex ad network	921	1,853	3,128	2,200	3,354
Traffic acquisition costs related to distribution partners	652	1,145	1,652	1,164	1,668
Total traffic acquisition costs	1,573	2,998	4,780	3,364	5,022
as a percentage of revenues	*12.6%*	*15.0%*	*16.6%*	*16.9%*	*18.3%*
Other cost of revenues	1,012	1,709	2,408	1,748	2,043
as a percentage of revenues	*8.1%*	*8.5%*	*8.4%*	*8.8%*	*7.5%*
Total cost of revenues	2,585	4,707	7,188	5,112	7,065
as a percentage of revenues	*20.7%*	*23.5%*	*25.0%*	*25.6%*	*25.8%*

Cost of revenues increased by RUR 1,953 million, or 38.2%, for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012, primarily due to an increase of RUR 1,658 million in traffic acquisition costs. The majority of our traffic acquisition costs relate to the Yandex ad network, with a smaller portion relating to distribution relationships. Traffic acquisition costs relating to the Yandex ad network increased by RUR 1,154 million for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012, representing our Yandex ad network partners' share in an increased amount of Yandex ad network revenue for the period, with the principal driver of this increase being our agreement to power paid search on Mail.ru starting from July 1, 2013. In addition, the amounts paid to our distribution partners increased by RUR 504 million for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 due to growth in our existing distribution relationships, as well as the addition of new distribution partners. As a percentage of total revenues, traffic acquisition costs increased from 16.9% for the nine months ended September 30, 2012 to 18.3% for the nine months ended September 30, 2013, reflecting the increase in revenues from our ad network from 19.2% to 20.5% of our text-based revenues, respectively.

For the nine months ended September 30, 2013, other cost of revenues decreased as a percentage of total revenues to 7.5% from 8.8% for the nine months ended September 30, 2012 but increased by RUR 295 million in absolute terms mainly due to growth in personnel and data center-related costs, partly offset by a decrease in the cost of online payment commissions related to Yandex.Money. The increase in personnel costs over the periods under review was driven primarily by growth in our headcount that is allocated to cost of revenues, from 297 as of September 30, 2012 to 364 as of September 30, 2013, on a like-for-like basis, excluding Yandex.Money employees for the prior period.

We anticipate that cost of revenues will continue to increase in absolute terms and as a percentage of revenues in the near term, primarily as a result of increases in traffic acquisition, content and data center costs. The primary drivers of increases in our future traffic acquisition costs as a percentage of advertising revenues are the percentage of revenues derived from our own websites compared with the websites of our partners in the Yandex ad network, as well as the extent to which we use distribution partners to direct search queries to our website. In addition, our traffic acquisition costs as a percentage of advertising revenues may fluctuate in the future based on whether we are successful in negotiating more Yandex ad network and distribution arrangements that provide for lower revenue-sharing obligations or, alternatively, whether increased competition for these arrangements with existing and potential new partners results in less favorable revenue-sharing arrangements.

Product development. Product development expenses consist primarily of personnel costs incurred for the development, enhancement and maintenance of our search engine and other Yandex services and technology platforms. We also include rent and utilities attributable to office space occupied by development staff in product development expenses. We expense product development costs as they are incurred.

The following table presents our product development expenses in absolute terms and as a percentage of revenues for the periods presented:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(in millions of RUR, except percentages)				
Product development expenses	2,073	3,124	4,274	3,159	4,176
as a percentage of revenues	*16.6%*	*15.6%*	*14.9%*	*15.8%*	*15.2%*

Product development expenses increased by RUR 1,017 million, or 32.2%, for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012. This increase primarily reflects an increase in the number of developers. Headcount in this category grew 34% from 1,897 at September 30, 2012 to 2,549 at September 30, 2013, on a like-for-like basis, excluding Yandex.Money employees for the nine months ended September 30, 2012. As a percentage of revenues, product development expenses decreased during the periods under review primarily because we are achieving economies of scale in our product development team. Due to significant growth in the Russian internet advertising market, the services and technology platforms developed and supported by our software engineers are utilized by a growing number of users and internet advertisers. We also increased the utilization of our Moscow office space, allowing us to increase headcount without a commensurate increase in office rent expense, and accelerated headcount growth in our regional development offices. Thus, our advertising revenues have been growing faster than our costs in this functional area.

We anticipate that product development expenses will increase in absolute terms as we continue to hire product development personnel, add additional office space and expand the breadth and depth of our service offerings.

Sales, general and administrative. Sales, general and administrative expenses consist of compensation and office rent expenses for personnel engaged in customer service, sales, sales support, finance, human resources, facilities, information technology and legal functions; fees for professional services; and advertising and marketing expenditures.

The following table presents our sales, general and administrative expenses in absolute terms and as a percentage of revenues for the periods presented:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(in millions of RUR, except percentages)				
Sales, general and administrative expenses	1,838	3,294	4,900	3,239	4,554
as a percentage of revenues	*14.7%*	*16.4%*	*17.0%*	*16.2%*	*16.6%*

Sales, general and administrative expenses increased by RUR 1,315 million, or 40.6%, for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012, and also increased as a percentage of revenues over the periods under review. The principal factor contributing to this increase was higher spending on marketing and advertising in Russia and Turkey.

We anticipate that our sales, general and administrative expenses will continue to increase in absolute terms for the full year 2013 and future periods and may increase as a percentage of revenues as we continue to expand our business. These increases will relate primarily to increased personnel and office rent expenses, as well as anticipated increases in advertising and marketing expenses.

Depreciation and amortization. Depreciation and amortization expense relates to the depreciation of our property and equipment, mainly servers and networking equipment, leasehold improvements, data center equipment and office furniture, and the amortization of our intangible assets with definite lives.

The following table presents our depreciation and amortization expense in absolute terms and as a percentage of revenues for the periods presented:

	Year ended December 31,			Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	(in millions of RUR, except percentages)				
Depreciation and amortization expense	1,181	1,874	2,951	2,091	2,705
as a percentage of revenues	*9.4%*	*9.4%*	*10.3%*	*10.5%*	*9.9%*

Depreciation and amortization expense increased by RUR 614 million, or 29.4%, for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012. The increase in absolute terms was primarily due to investments in servers and data centers.

We anticipate that depreciation and amortization expense will increase in absolute terms in future periods as we continue to invest in our technology infrastructure and in corporate acquisitions.

Share-based compensation. In our consolidated statements of income, share-based compensation expense is recorded in the same functional area as the expense for the recipient's cash compensation. As a result, share-based compensation expense is allocated among our cost of revenues, product development expenses and sales, general and administrative expenses.

The following table presents our aggregate share-based compensation expense in absolute terms and as a percentage of revenues for the periods presented:

	Year ended December 31,			Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	(in millions of RUR, except percentages)				
Share-based compensation expense	160	329	376	261	531
as a percentage of revenues	*1.3%*	*1.6%*	*1.3%*	*1.3%*	*1.9%*

Share-based compensation expense increased by RUR 270 million, or 103.4%, for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 primarily as a result of new equity-based grants made in 2012 and 2013.

In the near term, we expect share-based compensation to increase in absolute terms and as a percentage of revenues as a result of further vesting of share-based awards granted in 2013.

Interest Income

Interest income consists of interest earned on our cash, cash equivalents, term deposits and investments in debt securities. We derive substantially all of our interest income from ruble term deposits held in major Russian banks. Investments in term deposits, money market funds and debt securities held in the Netherlands generally yield considerably lower returns.

Interest income increased from RUR 669 million in the nine months ended September 30, 2012 to RUR 1,303 million in the nine months ended September 30, 2013, principally as a result of investing more of our cash from operating activities in Russia, where our investments earn significantly higher returns.

Other (Expense)/Income, Net

Our other (expense)/income primarily consists of gain from sale of equity securities and foreign exchange gains and losses generally resulting from changes in the value of the U.S. dollar compared with the Russian ruble, and, to a lesser extent, other non-operating gains and losses.

The following table presents the components of our other (expense)/income in absolute terms and as a percentage of revenues, for the periods presented:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(in millions of RUR, except percentages)				
Foreign exchange gains/(losses)	11	101	(57)	(74)	40
Gain from sale of equity securities	—	—	234	234	2,137
Other	13	(39)	(59)	(84)	(112)
Total other income, net	24	62	118	76	2,065
as a percentage of revenues	*0.2%*	*0.3%*	*0.4%*	*0.4%*	*7.5%*

Because the functional currency of our operating subsidiaries in Russia is the Russian ruble, changes in the ruble value of these subsidiaries' monetary assets and liabilities that are denominated in other currencies (primarily the U.S. dollar) due to exchange rate fluctuations are recognized as foreign exchange gains or losses in our income statement. We recorded as other (expense)/income a RUR 74 million loss and a RUR 34 million gain in the nine months ended September 30, 2012 and 2013, respectively, arising from changes in the value of the U.S. dollar compared with the Russian ruble during the year. Although the U.S. dollar value of our U.S. dollar-denominated cash, cash equivalents and term deposits was not impacted by these currency fluctuations, they resulted in downward and upward re-valuations of the ruble equivalent of these U.S. dollar-denominated monetary assets in the nine months ended September 30, 2012 and 2013, respectively.

In the nine months ended September 30, 2012, gain from the sale of equity securities represents the gain from the sale of our ownership interest in Face.com Inc. In the nine months ended September 30, 2013, gain from the sale of equity securities primarily consisted of a RUR 2,035 million gain from our sale of a 75% (less one ruble) interest in Yandex.Money to Sberbank in July 2013.

Other (expense)/income also includes changes in the fair value of derivative instruments and other non-operating gains and losses.

Provision for Income Taxes

The following table presents our provision for income taxes and effective tax rate for the periods presented:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(in millions of RUR, except percentages)				
Provision for income taxes	1,186	1,545	2,351	1,560	2,156
Effective tax rate	23.7%	21.1%	22.2%	22.0%	17.6%

Our provision for income taxes increased by RUR 596 million for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012, primarily as a result of an increase in taxable income.

Our effective tax rate decreased by 4.4 percentage points for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012, primarily reflecting a significant non-taxable gain from the sale of Yandex.Money in July 2013. Adjusted for this gain, our effective tax rate for the nine months ended September 30, 2013 would have been 21.0%.

See "—Critical Accounting Policies, Estimates and Assumptions—Tax Provisions" for additional information about our provision for income taxes.

A reconciliation of our statutory income tax rate to our effective tax rate is set forth in note 16 to our audited consolidated financial statements included in the 2012 Annual Report.

Quarterly Results of Operations

The following tables present our unaudited quarterly results of operations in rubles and as a percentage of revenue for the eight consecutive quarters ended September 30, 2013. You should read the following tables together with our consolidated balance sheets as of December 31, 2011 and 2012 and the consolidated statements of income, comprehensive income, cash flows and shareholders' equity for the years ended December 31, 2010, 2011 and 2012 and related notes contained in the 2012 Annual Report and our unaudited condensed consolidated balance sheet as of September 30, 2013 and the unaudited condensed consolidated income statements for the nine months ended September 30, 2012 and 2013 and the notes thereto. We have prepared the unaudited quarterly information on the same basis as our audited consolidated financial statements. These tables include normal recurring adjustments that we consider necessary for a fair presentation of our results of operations for the quarters presented.

Both seasonal fluctuations in internet usage and seasonality in advertising expenditures have affected, and are likely to continue to affect, our business. Internet usage and advertising expenditures generally slow down during the summer months and increase significantly in the fourth quarter of each year. Moreover, expenditures by advertisers tend to be cyclical, reflecting overall economic conditions and budgeting and buying patterns.

Because the functional currency of our operating subsidiaries in Russia is the Russian ruble, changes in the ruble value of these subsidiaries' monetary assets and liabilities that are denominated in other currencies (primarily the U.S. dollar) due to exchange rate fluctuations are recognized as foreign exchange gains or losses in our consolidated statement of income. As a result, our quarterly results of operations have been and will likely continue to be affected by the impact of foreign currency fluctuations on our reported results of operations, particularly changes in the value of the U.S. dollar as compared to the Russian ruble.

Our operating results for any quarter are not necessarily indicative of results for any future quarters or for a full year.

	Quarter ended							
	Dec 31, 2011	Mar 31, 2012	Jun 30, 2012	Sep 30, 2012	Dec 31, 2012	Mar 31, 2013	Jun 30, 2013	Sep 30, 2013
	(in millions of RUR)							
Consolidated statements of income data:								
Revenues	6,439	5,874	6,801	7,273	8,819	7,999	9,199	10,218
Operating costs and expenses:								
Cost of revenues(1)	1,485	1,518	1,749	1,845	2,076	1,976	2,158	2,931
Product development(1)	853	1,066	1,059	1,034	1,115	1,328	1,381	1,467
Sales, general and administrative(1)	916	1,070	1,052	1,117	1,661	1,363	1,530	1,661
Depreciation and amortization	582	661	696	734	860	879	912	914
Total operating costs and expenses	3,836	4,315	4,556	4,730	5,712	5,546	5,981	6,973
Income from operations	2,603	1,559	2,245	2,543	3,107	2,453	3,218	3,245
Interest income	105	167	234	268	333	368	452	483
Other (expense)/income, net	(12)	(124)	53	147	42	26	17	2,022
Income before income taxes	2,696	1,602	2,532	2,958	3,482	2,847	3,687	5,750
Provision for income taxes	573	344	549	667	791	601	772	783
Net income	2,123	1,258	1,983	2,291	2,691	2,246	2,915	4,967

(1) These amounts exclude depreciation and amortization expense, which is presented separately, and include share-based compensation expense.

	Quarter ended							
	Dec 31, 2011	Mar 31, 2012	Jun 30, 2012	Sep 30, 2012	Dec 31, 2012	Mar 31, 2013	Jun 30, 2013	Sep 30, 2013
As a percentage of revenues:								
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating costs and expenses:								
Cost of revenues(1)	23.1	25.8	25.7	25.4	23.5	24.7	23.5	28.7
Product development(1)	13.2	18.2	15.6	14.2	12.6	16.6	15.0	14.4
Sales, general and administrative(1)	14.2	18.2	15.5	15.3	18.8	17.0	16.6	16.3
Depreciation and amortization	9.0	11.3	10.2	10.1	9.9	11.0	9.9	8.9
Total operating costs and expenses	59.6	73.5	67.0	65.0	64.8	69.3	65.0	68.3
Income from operations	40.4	26.5	33.0	35.0	35.2	30.7	35.0	31.7
Interest income	1.6	2.9	3.4	3.7	3.8	4.6	4.9	4.8
Other (expense)/income, net	(0.2)	(2.1)	0.8	2.0	0.5	0.3	0.2	19.8
Income before income taxes	41.9	27.3	37.2	40.7	39.5	35.6	40.1	56.3
Provision for income taxes	8.9	5.9	8.0	9.2	9.0	7.5	8.4	7.7
Net income	33.0%	21.4%	29.2%	31.5%	30.5%	28.1%	31.7%	48.6%

(1) These amounts exclude depreciation and amortization expense, which is presented separately, and include share-based compensation expense.

Liquidity and Capital Resources

As of September 30, 2013, we had RUR 29,182 million in cash, cash equivalents, and term deposits. Cash equivalents consist of bank deposits with original maturities of three months or less, current term deposits consist of bank deposits with original maturities of more than three months but no more than one year, and term deposits are bank deposits with original maturities of more than one year. As of September 30, 2013, we also had RUR 2,589 million in investments in debt securities that we have designated as held to maturity, representing structured notes that have original maturities of more than one year, all of which matured in October 2013. Our current treasury policy permits us to hold 15% to 40% of our total cash, cash equivalents, term deposits and debt securities in U.S. dollars. In order to better match the split of our currency holdings with our expected cash flows by currency, we currently convert a portion of the rubles received from operations as well as from maturing deposits into U.S. dollars. We maintain our U.S. dollar-denominated accounts principally in the Netherlands and, to a lesser extent, in Russia. Our U.S. dollar-denominated holdings as of November 30, 2013 account for approximately 34% of our cash, cash equivalents, term deposits and debt securities.

The proceeds to us from our IPO in May 2011 were $401.4 million, net of underwriting discounts and commissions and other offering expenses incurred on the company's account. Those proceeds were received by our parent company, a Dutch holding company that generates no operating cash flow itself. Other than the proceeds from our IPO, our principal source of liquidity has been cash flow generated from the operations of our Russian subsidiaries. Under current Russian legislation, there are no restrictions on our ability to distribute dividends from our Russian operating subsidiaries to our parent other than a requirement that dividends be limited to the cumulative net profits of our Russian operating subsidiaries, calculated in accordance with Russian accounting principles. The cumulative net profit of our Russian subsidiaries calculated in accordance with Russian accounting principles differs from the cumulative net profit calculated in accordance with U.S. GAAP primarily due to the treatment of accrued expenses (such as rent, sales agency commissions, unused vacation, deferred tax and bad debt reserves) and differences arising from the capitalization and depreciation of property and equipment. In addition, these dividends cannot result in negative net assets at our Russian subsidiaries or render them insolvent. Pursuant to applicable Russian statutory accounting rules, the amount that our principal Russian operating subsidiary would be permitted to pay as a dividend to our parent company as of September 30, 2013 was approximately RUR 31,877 million ($985.5 million). We are required to pay a 5% withholding tax on all dividends paid from our Russian operating subsidiaries to our parent company. See "Risk Factors—Risks Related to Doing Business and Investing in Russia and the Other Countries in which We Operate—Taxes payable on dividends from our Russian operating subsidiaries to our parent company might not benefit from relief under the Netherlands-Russia tax treaty."

As of September 30, 2013, we had no outstanding indebtedness. We do not currently maintain any line of credit or other similar source of liquidity.

Cash Flows

In summary, our cash flows for the periods presented were:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(in millions of RUR)				
Net cash provided by operating activities	5,675	7,506	11,529	7,676	9,917
Net cash used in investing activities	(3,918)	(17,552)	(10,190)	(8,606)	(1,769)
Net cash (used in)/provided by financing activities	(907)	11,598	361	305	(4,772)
Effect of exchange rate changes on cash	(24)	1,353	(205)	(109)	581

Cash provided by operating activities. Cash provided by operating activities consists of net income adjusted for certain non-cash items, including depreciation and amortization expense, share-based compensation expense, deferred tax benefit/expense, foreign exchange gains and losses, and the effect of changes in working capital. Cash provided by operating activities increased by RUR 2,241 million for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012. This increase was primarily due to an increase of RUR 4,596 million in net income, offset by a decrease of RUR 1,596 million in non-cash adjustments to net income and a decrease of RUR 759 million in cash provided by changes in working capital. The change in adjustments for non-cash items was primarily due to an additional gain of RUR 1,903 million from the sale of equity securities mainly due to our sale of a 75% (less one ruble) interest in Yandex.Money in July 2013. Cash provided by working capital decreased between the periods primarily due to significant decreases in taxes payable as well as increases in accounts receivable following growth in advertising revenues.

We believe that our existing cash, cash equivalents and cash generated from operations will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months. To the extent that our cash, cash equivalents and cash from operating activities are insufficient to fund our future activities, we may be required to raise additional funds through equity or debt financings, including bank credit arrangements. Additional financing may not be available on terms favorable to us or at all.

Cash used in investing activities. Cash used in investing activities in the nine months ended September 30, 2013 decreased by RUR 6,837 million compared to the same period in 2012 as a result of increases of RUR 1,586 million in proceeds from maturities of debt securities, RUR 1,849 million in proceeds from sale of non-marketable equity securities and by a decrease of investments in term deposits (net of proceeds) of RUR 3,731 million. Proceeds from the sale of equity securities consists of proceeds from our sale of a 75% (less one ruble) interest in Yandex.Money to Sberbank in July 2013 and, to a lesser extent, the sale of Facebook shares received in connection with the sale of our ownership interest in Face.com.

Our total capital expenditures were RUR 2,984 million in the nine months ended September 30, 2012 and RUR 3,271 million in the nine months ended September 30, 2013. Our capital expenditures have historically consisted primarily of the purchase of servers and networking equipment. We also incurred significant capital expenditures in 2012 and 2013 related to the construction of one of our larger data centers. To manage enhancements in our search technology, expected increases in internet traffic, advertising transactions and new services, and to support our overall business expansion, we will continue to invest heavily in data center operations, technology, corporate facilities and information technology infrastructure in 2014 and thereafter. Moreover, we may spend a significant amount of cash on acquisitions and licensing transactions from time to time.

Cash used in/provided by financing activities. For the nine months ended September 30, 2012, financing activities provided RUR 305 million in cash, representing proceeds from share option exercises. For the nine months ended September 30, 2013, cash used in financing activities was RUR 4,772 million, representing RUR 5,150 million used to fund our open market share repurchase program, offset by RUR 378 million in proceeds from share option exercises.

Off-Balance Sheet Items

We do not currently engage in off-balance sheet financing arrangements, and do not have any interest in entities referred to as variable interest entities, which include special purposes entities and other structured finance entities.

Contractual Obligations

The following table sets forth our contractual obligations as of September 30, 2013:

	Payments due by period				
	Total	Through 2013	2014 through 2015	2016 through 2017	Thereafter
	(in millions of RUR)				
Operating lease obligations	6,661	448	4,543	1,670	—
Data center-related purchase obligations	1,277	504	773	—	—
Other purchase obligations	1,855	605	943	261	46
Total contractual obligations	9,793	1,557	6,259	1,931	46

The table above presents our long-term rent obligations for our office and data center facilities, contractual purchase obligations related to data center operations and facility build-outs, as well as other purchase obligations primarily related to fixed utilities fees, technology licenses and other services. For agreements denominated in U.S. dollars, the amounts shown in the table above are based on the U.S. dollar/Russian ruble exchange rate prevailing on September 30, 2013. All amounts shown include value added tax.

Critical Accounting Policies, Estimates and Assumptions

Our accounting policies affecting our financial condition and results of operations are more fully described in our consolidated balance sheets as of December 31, 2011 and 2012 and the consolidated statements of income, comprehensive income, cash flows and shareholders' equity for the years ended December 31, 2010, 2011 and 2012 included in the 2012 Annual Report. The preparation of our financial statements requires us to make judgments in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe our critical accounting policies that are affected by significant judgments and that are used in the preparation of our unaudited interim condensed consolidated financial statements are as follows:

Share-Based Compensation Expense

We estimate the fair value of share options and share appreciation rights (together, the "Share-Based Awards") that are expected to vest using the Black-Scholes-Merton (BSM) pricing model and recognize the fair value ratably over the requisite service period using the straight-line method. We used the following assumptions in our option-pricing model when valuing Share-Based Awards:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
Expected life of the awards (years)	6.08 - 6.12	6.12 - 6.17	5.51 - 7.02	5.51 - 7.02	5.50 - 7.04
Expected annual volatility	62%	65%	54%	55%	49%
Risk-free interest rate	4.00%	1.60%	0.78%	0.73%	1.79%
Expected dividend yield	—	—	—	—	—

To determine the expected option term, we use the "simplified method" as allowed under the SEC's accounting guidance, which represents the weighted-average period during which our awards are expected to be outstanding.

With respect to price volatility, because we were a newly public company in 2011, we did not have sufficient history to estimate the volatility of our ordinary share price over the expected term of our Share-Based Awards. We used comparable public companies as a basis for our expected volatility to calculate the fair value of our awards. For grants made since the beginning of 2012, we have used historical volatility of our own share price.

Prior to our IPO in May 2011, we based the risk-free interest rate that we use in our option-pricing model on the implied yield currently available on Russian Eurobonds with a remaining term approximating the expected term of the award being valued. For periods after May 2011, we used the risk-free interest rates based on the U.S. Treasury yield curve in effect at the grant date.

In the past, we have declared and paid dividends, including with respect to the year ended December 31, 2010. We did not declare any dividends with respect to 2011 or 2012. Currently, we do not have any plans to pay dividends in the near term. When we declared dividends in 2010, we followed the practice of paying optionees bonuses calculated as an amount per vested option share equal to the amount of the dividend declared per share. Because optionees were generally compensated for dividends and we have no plans to pay cash dividends in the near term, we used an expected dividend yield of zero in our option pricing model for awards granted in the years ended December 31, 2011, 2012 and in the nine months ended September 30, 2013.

We determine the amount of share-based compensation expense based on awards that we ultimately expect to vest, taking into account estimated forfeitures. U.S. GAAP requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Historically, we typically only granted Share-Based Awards to senior employees who had been with our company for at least one year. To estimate forfeitures at that time, we had analyzed our historical forfeiture trends and adjusted them as appropriate for exceptional circumstances, such as the departure of two senior employees who had a disproportionate number of option awards. Excluding the effect of these two departures, our forfeiture rate had been insignificant. As a result, we applied an estimated forfeiture rate of zero before 2012. Starting in 2012, less senior employees began to receive Share-Based Awards and, thus, we began calculating the forfeiture rate by reference to our historical employee turnover rate. If our actual forfeiture rate is materially different from the estimate, share-based compensation expense could be materially lower than what has been recorded.

Prior to our IPO, when there was no public market for our shares, our Board of Directors regularly determined the fair value of our shares and set the exercise price of option awards on the basis of valuations of our company arrived at by employing the "income approach" and the "market approach" valuation methodologies. This approach was consistent with the methods outlined in the AICPA Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.

Tax Provisions

Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. Effective January 1, 2007, we adopted the new FASB authoritative guidance on accounting for uncertainty in income taxes that requires a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

Although we believe we have adequately reserved for our uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest. Our actual Russian taxes may be in excess of the estimated amount expensed to date and accrued as of September 30, 2013, due to ambiguities in, and the evolution of, Russian tax legislation, varying approaches by regional and local tax inspectors, and inconsistent rulings on technical matters at the judicial level. See "Risk Factors—Risks Related to Doing Business and Investing in Russia and the Other Countries in which We Operate—Changes in the Russian tax system or unpredictable or unforeseen application of existing rules may materially adversely affect our business, financial condition and result of operations."

In addition, significant management judgment is required in determining whether deferred tax assets will be realized. The valuation allowance is recognized to reduce deferred tax assets to amounts that are more likely than not to ultimately be utilized based on our ability to generate sufficient future taxable income. If actual events differ from management's estimates, or to the extent that these estimates are adjusted in the future, any changes in the valuation allowance could materially impact our consolidated financial statements.

Recognition and Impairment of Goodwill and Intangible Assets

The FASB authoritative guidance requires us to recognize our share in the assets of businesses acquired and respective liabilities assumed based on their fair values. Our estimates of the fair value of the identified intangible assets of businesses acquired are based on our expectations of the future results of operations of such businesses. The fair value assigned to identifiable intangible assets acquired is supported by valuations that involve the use of a large number of estimates and assumptions provided by management.

We assess the carrying value of goodwill arising from business combinations on an annual basis and the carrying value of intangible assets if events or changes in circumstances indicate that such carrying value may not be recoverable. Other than our annual review, factors we consider important that could trigger an impairment review include: under-performance of our business compared with our internal budgets or changes in projected results, changes in the manner of utilization of the asset, and negative market conditions or economic trends. Therefore, our judgment as to the future prospects of our business has a significant impact on our results and financial condition. If these future prospects do not materialize as expected or there is a future adverse change in market conditions, we may be unable to recover the carrying amount of an asset, resulting in future impairment losses.

Recently Adopted Accounting Pronouncements

Effective January 1, 2013, we adopted the FASB accounting standards updates on disclosures about offsetting assets and liabilities and reporting of amounts reclassified out of accumulated other comprehensive income. The adoption of these updates did not have a significant impact on our consolidated financial position, results of operations, cash flows or disclosures.

Effective January 1, 2013, we adopted the FASB accounting standards update on the reporting of reclassifications out of accumulated other comprehensive income. The guidance requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount is reclassified to net income in its entirety in the same reporting period. For other amounts not required to be reclassified in their entirety to net income in the same reporting period, a cross-reference to other disclosures that provide additional detail about the reclassification amounts is required. The adoption of this update did not have a significant impact on our consolidated financial position, results of operations, cash flows, or disclosures. See Note 4 to the notes to our unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2012 and 2013 for disclosure of reclassifications for the three and nine months ended September 30, 2013.

Reconciliation of Non-GAAP Financial Measures(1)

Reconciliation of Ex-TAC Revenues to US GAAP Revenues
In RUR millions

	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13
Total revenues	2,355	2,889	3,131	4,125	3,894	4,541	5,159	6,439	5,874	6,801	7,273	8,819	7,999	9,199	10,218
Less: traffic acquisition costs (TAC)	317	353	396	507	537	641	818	1,002	992	1,141	1,231	1,416	1,305	1,465	2,252
Ex-TAC revenues	2,038	2,536	2,735	3,618	3,357	3,900	4,341	5,437	4,882	5,660	6,042	7,403	6,694	7,734	7,966

Reconciliation of Adjusted EBITDA to US GAAP Net Income
In RUR millions

	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13
Net income	507	1,017	883	1,410	820	1,125	1,705	2,123	1,258	1,983	2,291	2,691	2,246	2,915	4,967
Add: depreciation and amortization	259	272	307	343	377	427	488	582	661	696	734	860	879	912	914
Add: share-based compensation (SBC) expense	33	32	39	56	70	109	66	84	81	74	106	115	151	151	229
Add: expense for acquisition-related contingent compensation	—	—	—	—	—	—	—	—	76	55	57	173	21	22	24
Less: interest income	(28)	(39)	(43)	(46)	(34)	(36)	(47)	(105)	(167)	(234)	(268)	(333)	(368)	(452)	(483)
Add: other expense / (income) net	57	(143)	60	2	254	33	(361)	12	124	(53)	(147)	(42)	(26)	(17)	(2,022)
Add: provision for income taxes	163	309	273	441	232	256	484	573	344	549	667	791	601	772	783
Adjusted EBITDA	991	1,448	1,519	2,206	1,719	1,914	2,335	3,269	2,377	3,070	3,440	4,255	3,504	4,303	4,412

Reconciliation of Adjusted Net Income to US GAAP Net Income
In RUR millions

	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13
Net income	507	1,017	883	1,410	820	1,125	1,705	2,123	1,258	1,983	2,291	2,691	2,246	2,915	4,967
Add: SBC expense	33	32	39	56	70	109	66	84	81	74	106	115	151	151	229
Less: reduction in income tax attributable to SBC expense	—	—	—	—	—	(3)	(6)	(4)	(1)	(1)	(1)	(1)	(2)	(2)	(2)
Add: expense for acquisition-related contingent compensation	—	—	—	—	—	—	—	—	76	55	57	173	21	22	24
Add: foreign exchange loss /(gain)	57	(143)	70	5	254	34	(383)	(6)	114	(52)	13	(17)	(7)	(35)	2
Less: reduction / (increase) in income tax attributable to foreign exchange loss /(gain)	(12)	29	(14)	(1)	(56)	(7)	77	1	(23)	10	(3)	4	1	7	—
Less: gain from sale of equity investments											(234)				(2,067)
Adjusted net income	585	935	978	1,470	1,088	1,258	1,459	2,198	1,505	2,069	2,229	2,965	2,410	3,058	3,153

(1) Figures may not add due to rounding

Reconciliation of Non-GAAP Financial Measures (cont'd)(1)

Reconciliation of Ex-TAC Revenues to US GAAP Revenues
In RUR millions

	9M 2012	9M 2013	2007	2008	2009	2010	2011	2012
Total revenues	19,948	27,416	4,249	7,649	8,729	12,500	20,033	28,767
Less: traffic acquisition costs (TAC)	3,364	5,022	504	1,270	1,305	1,573	2,998	4,780
Ex-TAC revenues	16,584	22,394	3,745	6,379	7,424	10,927	17,035	23,987

Reconciliation of Adjusted EBITDA to US GAAP Net Income
In RUR millions

	9M 2012	9M 2013	2007	2008	2009	2010	2011	2012

	9M 2012	9M 2013	2007	2008	2009	2010	2011	2012
Net income	5,532	10,128	1,520	2,432	2,010	3,817	5,773	8,223
Add: depreciation and amortization	2,091	2,705	295	600	912	1,181	1,874	2,951
Add: share-based compensation (SBC) expense	261	531	37	140	209	160	329	376
Add: expense for acquisition-related contingent compensation	188	67	—	—	—	—	—	361
Less: interest income	(669)	(1,303)	(31)	(86)	(67)	(156)	(222)	(1,002)
Add: other expense / (income) net	(76)	(2,065)	4	(208)	23	(24)	(62)	(118)
Add: provision for income taxes	1,560	2,156	559	947	672	1,186	1,545	2,351
Adjusted EBITDA	8,887	12,219	2,384	3,825	3,759	6,164	9,237	13,142

Reconciliation of Adjusted Net Income to US GAAP Net Income
In RUR millions

	9M 2012	9M 2013	2007	2008	2009	2010	2011	2012
Net income	5,532	10,128	1,520	2,432	2,010	3,817	5,773	8,223
Add: SBC expense	261	531	37	140	209	160	329	376
Less: reduction in income tax attributable to SBC expense	(3)	(6)	—	—	—	—	(13)	(4)
Add: expense for acquisition-related contingent compensation	188	67				—	—	361
Add: foreign exchange loss /(gain)	74	(40)	5	(65)	64	(11)	(101)	57
Less: reduction / (increase) in income tax attributable to foreign exchange loss /(gain)	(15)	8	(1)	16	(13)	2	15	(11)
Less: gain from sale of equity investments	(234)	(2,067)					—	(234)
Adjusted net income	5,803	8,621	1,561	2,523	2,270	3,968	6,003	8,768

(1) Figures may not add due to rounding

Reconciliation of Non-GAAP Financial Measures (cont'd)

Reconciliation of Adjusted EBITDA Margin and Adjusted Ex-TAC EBITDA Margin to US GAAP Net Income Margin
In RUR millions

	US GAAP Net Income	Net Income Margin (1)	Adjustment (2)	Adjusted EBITDA	Adjusted EBITDA Margin (3)	Adjusted Ex-TAC EBITDA Margin (4)
Three months ended March 31, 2010	507	21.5%	484	991	42.1%	48.6%
Three months ended June 30, 2010	1,017	35.2%	431	1,448	50.1%	57.1%
Three months ended September 30, 2010	883	28.2%	636	1,519	48.5%	55.5%
Three months ended December 31, 2010	1,410	34.2%	796	2,206	53.5%	61.0%
Three months ended March 31, 2011	820	21.1%	899	1,719	44.1%	51.2%
Three months ended June 30, 2011	1,125	24.8%	789	1,914	42.1%	49.1%
Three months ended September 30, 2011	1,705	33.0%	630	2,335	45.3%	53.8%
Three months ended December 31, 2011	2,123	33.0%	1,146	3,269	50.8%	60.1%
Three months ended March 31, 2012	1,258	21.4%	1,119	2,377	40.5%	48.7%
Three months ended June 30, 2012	1,983	29.2%	1,087	3,070	45.1%	54.2%
Three months ended September 30, 2012	2,291	31.5%	1,149	3,440	47.3%	56.9%
Three months ended December 31, 2012	2,691	30.5%	1,564	4,255	48.2%	57.5%
Three months ended March 31, 2013	2,246	28.1%	1,258	3,504	43.8%	52.3%
Three months ended June 30, 2013	2,915	31.7%	1,388	4,303	46.8%	55.6%
Three months ended September 30, 2013	4,967	48.6%	(555)	4,412	43.2%	55.4%
Twelve months ended December 31, 2010	3,817	30.5%	2,347	6,164	49.3%	56.4%
Twelve months ended December 31, 2011	5,773	28.8%	3,464	9,237	46.1%	54.2%
Twelve months ended December 31, 2012	8,223	28.6%	4,919	13,142	45.7%	54.8%

(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 SPB Software contingent compensation, interest income, other income, 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 US GAAP revenues, please see the table above.

Reconciliation of Adjusted Net Income Margin and Adjusted Ex-TAC Net Income Margin to US GAAP Net Income Margin
In RUR millions

	US GAAP 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 March 31, 2010	507	21.5%	78	585	24.8%	28.7%
Three months ended June 30, 2010	1,017	35.2%	(82)	935	32.4%	36.9%
Three months ended September 30, 2010	883	28.2%	95	978	31.2%	35.8%
Three months ended December 31, 2010	1,410	34.2%	60	1,470	35.6%	40.6%
Three months ended March 31, 2011	820	21.1%	268	1,088	27.9%	32.4%
Three months ended June 30, 2011	1,125	24.8%	133	1,258	27.7%	32.3%
Three months ended September 30, 2011	1,705	33.0%	(246)	1,459	28.3%	33.6%
Three months ended December 31, 2011	2,123	33.0%	75	2,198	34.1%	40.4%
Three months ended March 31, 2012	1,258	21.4%	247	1,505	25.6%	30.8%
Three months ended June 30, 2012	1,983	29.2%	86	2,069	30.4%	36.6%
Three months ended September 30, 2012	2,291	31.5%	(62)	2,229	30.6%	36.9%
Three months ended December 31, 2012	2,691	30.5%	274	2,965	33.6%	40.1%
Three months ended March 31, 2013	2,246	28.1%	164	2,410	30.1%	36.0%
Three months ended June 30, 2013	2,915	31.7%	143	3,058	33.2%	39.5%
Three months ended September 30, 2013	4,967	48.6%	(1,814)	3,153	30.9%	39.6%
Twelve months ended December 31, 2010	3,817	30.5%	151	3,968	31.7%	36.3%
Twelve months ended December 31, 2011	5,773	28.8%	230	6,003	30.0%	35.2%
Twelve months ended December 31, 2012	8,223	28.6%	545	8,768	30.5%	36.6%

(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 SPB Software contingent compensation, gain from sale and deconsolidation of equity investments and foreign exchange losses (as adjusted for the reduction in income tax attributable to the loss). 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 US GAAP revenues, please see the table above.