

# YANDEX N.V.

## FORM 20-F

(Annual and Transition Report (foreign private issuer))

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Industry	Internet Services
Sector	Technology

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549  
**FORM 20-F**

- (Mark One)
- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2017
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_
- SHELL COMPANY PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report \_\_\_\_\_

Commission file number: 001-35173

**YANDEX N.V.**

(Exact name of Registrant as specified in its charter)  
N/A  
(Translation of Registrant's name in English)  
The Netherlands  
(Jurisdiction of incorporation or organization)  
Schiphol Boulevard 165  
Schiphol P7 1118 BG, The Netherlands  
(Address of principal executive offices)

Arkady Volozh, Chief Executive Officer  
Schiphol Boulevard 165  
Schiphol P7 1118 BG, The Netherlands  
Telephone: +31 20-206-6970  
Facsimile: +31 20-446-6372  
Email: askr@yandex-team.ru

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Class A Ordinary Shares	NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. Class A Ordinary Shares

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.(1)

Title of each class	Number of shares outstanding
Class A	255,612,556
Class B	40,692,286

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Note—checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (17 CFR 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act.

<sup>†</sup> The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:  
U.S. GAAP  International Financial Reporting Standards  as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN  
BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

<sup>†</sup>In addition, we had 3,751,911 Class A shares held in treasury and 4,166,448 Class C shares issued and fully paid as of December 31, 2017. Our Class C shares are issued from time to time solely for technical purposes, to facilitate the conversion of our Class B shares into Class A shares. They are held by a Conversion Foundation managed by members of our Board of Directors. For the limited period of time during which any Class C shares are outstanding, they will be voted in the same proportion as votes cast by holders of our Class A and Class B shares, so as not to influence the outcome of any vote.

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In this Annual Report on Form 20-F (this "Annual Report"), references to "Yandex," the "company," "we," "us," or similar terms are to Yandex N.V. and, as the context requires, its wholly owned subsidiaries.

Our consolidated financial statements are prepared in accordance with U.S. GAAP and are expressed in Russian rubles. In this Annual Report, references to "rubles" or "RUB" are to Russian rubles, and references to "U.S. dollars" or "\$" are to United States dollars.

Our fiscal year ends on December 31 of each year. References to any specific fiscal year refer to the year ended December 31 of the calendar year specified.

This Annual Report includes market data reported by Yandex.Radar (February 2018), the Association of Russian Communication Agencies (AKAR) (March 2018) and the Russian Federal State Statistics Service (Rosstat) (January 2018).

#### Forward-Looking Statements

This Annual Report contains forward-looking statements that involve risks and uncertainties. Words such as “project,” “believe,” “anticipate,” “plan,” “expect,” “estimate,” “intend,” “should,” “would,” “could,” “will,” “may” or other words that convey judgments about future events or outcomes indicate such forward-looking statements. Forward-looking statements in this Annual Report may include statements about:

- the impact of macroeconomic and geopolitical developments in our markets;
- the expected growth of the internet search and advertising markets and the number of internet and broadband users in the countries in which we operate;
- competition in the internet search market in the countries in which we operate;
- our anticipated growth and investment strategies;
- our future business development, results of operations and financial condition;
- expected changes in our margins and certain cost or expense items in absolute terms or as a percentage of our revenues;
- our ability to attract and retain users, advertisers and partners; and
- future advertising supply and demand dynamics.

The forward-looking statements included in this Annual Report are subject to risks, uncertainties and assumptions. Our actual results of operations may differ materially from those stated in or implied by such forward-looking statements as a result of a variety of factors, including those described under Part I, Item 3.B. “Risk Factors” and elsewhere in this Annual Report.

We operate in an evolving environment. New risks emerge from time to time, and it is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### PART I.

##### Item 3. Key Information .

###### A. Selected Consolidated Financial and Statistical Data

The selected consolidated statements of income data for the years ended December 31, 2015, 2016 and 2017 and the selected consolidated balance sheet data as of December 31, 2016 and 2017 are derived from our audited consolidated financial statements appearing elsewhere in this Annual Report. The selected consolidated balance sheet data as of December 31, 2013, 2014 and 2015 and consolidated statements of income data for the years ended December 31, 2013 and 2014 are derived from our audited consolidated financial statements that are not included in this Annual Report, after adjustment for the retrospective adoption of Accounting Standard Updates 2015-03 and 2015-17.

Ruble amounts have been translated into U.S. dollars at a rate of RUB 57.6002 to \$1.00, the official exchange rate quoted as of December 31, 2017 by the Central Bank of the Russian Federation. Such U.S. dollar amounts are not necessarily indicative of the amounts of U.S. dollars that could actually have been purchased upon exchange of Russian rubles at the dates indicated, and have been provided solely for the convenience of the reader. On March 21, 2018, the exchange rate was RUB 57.7033 to \$1.00. See “Risk Factors—Emerging markets, such as Russia, are generally subject to greater financial, economic, legal and political risks than more developed markets. Such risks may have a material adverse effect on our business, financial condition and results of operations.”

The following selected consolidated financial data should be read in conjunction with our “Operating and Financial Review and Prospects” and our consolidated financial statements and the related notes appearing elsewhere in this Annual Report. Our financial statements are prepared in accordance with U.S. GAAP. These historical financial results are not necessarily indicative of the results to be expected in any future period.

	Year ended December 31,					2017	\$
	2013	2014	2015	2016	2017		
	RUB	RUB	RUB	RUB	RUB		
	(in millions, except share and per share data)						
<b>Consolidated statements of income data:</b>							
Revenues:	39,502	50,767	59,792	75,925	94,054		1,632.9
Operating costs and expenses:							
Cost of revenues(1)	10,606	14,336	16,810	19,754	23,937		415.6
Product development(1)	5,827	8,842	13,421	15,832	18,761		325.7
Sales, general and administrative(1)	6,537	7,782	11,601	17,885	27,081		470.2
Depreciation and amortization	3,695	4,484	7,791	9,607	11,239		195.1
Goodwill impairment	—	—	576	—	—		—
Total operating costs and expenses	26,665	35,444	50,199	63,078	81,018		1,406.6
Income from operations	12,837	15,333	9,593	12,847	13,036		226.3
Interest income	1,750	1,947	3,037	2,863	2,909		50.5
Interest expense	(33)	(1,091)	(1,293)	(1,208)	(897)		(15.6)
Other income/(loss), net(2)	2,159	6,296	2,259	(3,295)	(1,466)		(25.4)
Income before income taxes	16,713	22,475	13,596	11,107	13,582		235.8
Provision for income taxes	3,239	5,455	3,917	4,324	4,926		85.5
Net income	13,474	17,020	9,679	6,783	8,656		150.3
Net loss attributable to noncontrolling interests	—	—	—	15	120		2.1
Net income attributable to Yandex N.V.	13,474	17,020	9,679	6,798	8,776		152.4
Net income per Class A and Class B share:							
Basic	41.25	53.30	30.39	21.19	27.02		0.47
Diluted	40.27	52.27	29.90	20.84	26.49		0.46
Weighted average number of Class A and Class B shares outstanding:							
Basic	326,657,778	319,336,782	318,541,887	320,788,967	324,747,888		324,747,888
Diluted	334,571,212	325,610,277	323,713,437	326,136,949	331,243,961		331,243,961

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

	2013		2014		2015		2016		2017	
	RUB		RUB		RUB		RUB		RUB	\$
Cost of revenues	61		101		168		193		178	3.1
Product development	435		780		1,860		2,238		2,477	43.0
Sales, general and administrative	258		329		690		991		1,538	26.7

(2) A major component of other income/(loss), net is foreign exchange gains and losses generally resulting from changes in the value of the U.S. dollar compared with the Russian ruble. 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 U.S. dollar-denominated cash, cash equivalents and term deposits maintained in Russia) due to exchange rate fluctuations are recognized as foreign exchange gains or losses in our statement of income. For example, in 2017, other loss, net includes RUB 1,784 million of foreign exchange losses arising from the appreciation of the Russian ruble compared to the U.S. dollar in that year. In 2016, other loss, net included a RUB 3,834 million loss arising from the significant appreciation of the Russian ruble compared to the U.S. dollar in that year. Although the U.S. dollar value of our U.S. dollar

denominated cash, cash equivalents and term deposits are not impacted by these currency fluctuations, they result in upward and downward revaluations of the ruble equivalent of these U.S. dollar denominated monetary assets.

	As of December 31,				
	2013	2014	2015	2016	2017
	RUB	RUB	RUB	RUB	\$
(in millions)					
<b>Consolidated balance sheet data(1):</b>					
Cash and cash equivalents	33,394	17,645	24,238	28,232	42,662
Term deposits (current and non-current)	15,180	31,526	33,549	31,769	28,045
Total assets	70,769	94,594	111,818	114,108	130,544
Total current liabilities(2)	6,899	9,791	11,669	14,622	35,622
Total non-current liabilities(2)	17,273	29,067	30,052	20,894	2,275
Redeemable noncontrolling interests	—	—	—	1,506	9,821
Total shareholders' equity	46,597	55,736	70,097	77,086	82,826
					1,437.9

- (1) Prior periods have been reclassified to reflect current period presentation. Balances related to assets held for sale (Note 4 to our consolidated financial statements) are reclassified from their historical presentation to assets held for sale and liabilities related to assets held for sale. Balances related to convertible debt issuance costs are reclassified for the retrospective adoption of Accounting Standard Update 2015-03 related to the presentation of deferred debt issuance costs. Balances related to deferred tax assets and liabilities are reclassified for the retrospective adoption of Accounting Standard Update 2015-17 related to the presentation of deferred taxes as non-current.
- (2) The total non-current liabilities as of December 31, 2013, 2014, 2015, 2016 and the total current liabilities as of December 31, 2017 mainly result from our convertible bond offering. Please refer to Note 11 to our consolidated financial statements.

#### Exchange Rate Information

Our business is primarily conducted in Russia and almost all of our revenues are denominated in Russian rubles. We have presented our most recent annual results of operations in U.S. dollars for the convenience of the reader. Unless otherwise noted, all conversions from RUB to U.S. dollars and from U.S. dollars to RUB in this Annual Report were made at a rate of RUB 57.6002 to \$1.00, the official exchange rate quoted by the Central Bank of the Russian Federation as of December 31, 2017. On March 21, 2018, the exchange rate was RUB 57.7033 to \$1.00. Such U.S. dollar amounts are not necessarily indicative of the amounts of U.S. dollars that could actually have been purchased upon exchange of Russian rubles at the dates indicated.

The following table presents information on the exchange rates between RUB and the U.S. dollar for the periods indicated as quoted by the Central Bank of the Russian Federation:

Period	RUB per U.S. dollar			
	Period-end	Average	Low	High
2013	32.73	31.85	33.47	29.93
2014	56.26	38.42	67.79	32.66
2015	72.88	60.96	72.88	49.18
2016	60.66	67.03	83.59	60.27
2017	57.60	58.35	60.75	55.85
September 2017	58.02	57.70	58.55	57.00
October 2017	57.87	57.73	58.32	57.09
November 2017	58.33	58.92	60.25	58.09
December 2017	57.60	58.59	59.29	57.45
January 2018	56.29	56.79	57.60	55.83
February 2018	55.67	56.81	58.17	55.67
March 2018 (through March 21)	57.70	56.94	57.70	56.37

See "Risk Factors—Emerging markets, such as Russia, are generally subject to greater financial, economic, legal and political risks than more developed markets. Such risks may have a material adverse effect on our business, financial condition and results of operations." for a discussion of the foreign currency exchange rate risks and uncertainties our business faces.

**B. Risk Factors**

*Investing in our Class A shares involves a high degree of risk. The risks and uncertainties described below and elsewhere in this Annual Report, including in the section headed "Operating and Financial Review and Prospects", could materially adversely affect our business. These are not the only risks that we face; additional risks and uncertainties of which we are unaware, or that we currently deem immaterial, may also become important factors that affect us. Any of these risks could adversely affect our business, financial condition and results of operations. In such case, the trading price of our Class A shares could decline.*

**Risks Related to the Russian Economy**

*Emerging markets, such as Russia, are generally subject to greater financial, economic, legal and political risks than more developed markets. Such risks may have a material adverse effect on our business, financial condition and results of operations.*

Emerging markets such as Russia are subject to greater risks than more developed markets, including financial, economic, legal and political risks. Such risks or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment and adversely affect the economies of the countries in which we operate. For example, the current geopolitical situations in Ukraine and some other regions, as well as volatility in oil prices (to which the Russian economy is particularly sensitive), may continue to have deleterious macroeconomic and other effects on the regions in which we operate, including increased volatility in currency values and a weaker overall business environment. In 2014 and 2015, Russia experienced an economic downturn characterized by substantial depreciation of its currency, sharp fluctuations of interest rates, a decline in disposable income, a steep decline in the value of shares traded on its stock exchanges, a material increase in the inflation rate, and a decline in the gross domestic product. In 2016 and 2017 some of these economic trends have reversed or moderated, with the ruble strengthening, oil prices increasing, inflation rates declining significantly and the rate of decline in gross domestic product moderating. However, economic conditions continue to be unstable and future changes may have negative effect on our business. In addition, international sanctions have been imposed on identified parties and business sectors in Russia in connection with the geopolitical situation in Ukraine, as described below, which may adversely affect us or business conditions in our markets.

In connection with the current economic situation, in 2017 the Russian ruble appreciated against the US dollar by 5%, after depreciating materially during the course of 2015 and appreciating materially by 20% in 2016. Although our revenues and expenses, including our personnel expenses, are both primarily denominated in Russian rubles we may have to increase our personnel expenses in order to better compete with other companies that denominate their personnel expenses in currencies which appreciate in relation to the Russian ruble. Also, the majority of our rent expenses, including the lease for our Moscow headquarters, are denominated in U.S. dollars, and a major portion of our capital expenditures, primarily for servers and networking equipment, although payable in rubles, is for imported goods and therefore can be materially affected by changes in the value of the ruble. In addition, our expenses related to the development of our business internationally, as well as for acquisitions, are often denominated in other currencies, including U.S. dollars and Euros. If the Russian ruble were to experience a prolonged and significant decline in value against foreign currencies, we could face material foreign currency exchange exposure, which may materially adversely affect our business, financial condition and results of operations. See "Operating and Financial Review and Prospects—Quantitative and Qualitative Disclosures About Market Risk."

Should the Russian economy experience a contraction or slower growth in the future, it may adversely affect our results of operations in certain periods. In addition, these conditions may from time to time to depress or encourage volatility in our share price and in equity markets in general.

*The adoption and maintenance of international embargo, economic or other sanctions, in particular with respect to the conflict in Ukraine, may have a material adverse effect on our business, financial condition and results of operations.*

Significant uncertainty exists surrounding the current geopolitical situation in Ukraine. The United States, the European Union and certain other countries have imposed economic sanctions on certain Russian government officials, private individuals and Russian companies, as well as "sectoral" sanctions affecting specified types of transactions with named participants in certain industries, including named Russian financial institutions, and sanctions that prohibit most

commercial activities of U.S. and EU persons in Crimea and Sevastopol. In the course of 2017 these sanctions were successively prolonged and extended. There is significant uncertainty regarding the extent or timing of any potential further economic or trade sanctions, or the ultimate outcome of the Ukrainian crisis. Political and economic sanctions may affect the ability or willingness of our international customers to operate in Russia, which could negatively impact our revenue and profitability. Sanctions could also impede our ability to effectively manage our legal entities and operations in and outside of Russia. We are domiciled in the Netherlands, while our wholly owned principal operating subsidiary is organized under the laws of the Russian Federation, and several of our other subsidiaries are incorporated in other countries that have imposed economic sanctions on the Russian Federation. Although neither our parent company nor our principal operating subsidiary or other subsidiaries are targets of U.S. or EU sanctions, our business has been adversely affected from time to time by the impact of sanctions on the broader economy in Russia. In addition, Yandex.Money, our joint venture with Sberbank, is subject to U.S. sectoral sanctions.

Since May 2017, Yandex LLC and Yandex.Ukraine LLC, both subsidiaries of Yandex N.V., have been subject to sanctions in Ukraine, which have blocked Ukrainian users from accessing our services and websites. Sanctions have been imposed for three years with the possibility of extension and ban all trade operations and require blocking of all assets, including bank accounts. The Ukrainian Security Service (SBU) also conducted searches at Yandex offices in Kiev and Odessa. Such actions led to the shutdown of Yandex's commercial operations in Ukraine.

In January 2018, pursuant to the Countering America's Adversaries through Sanctions Act of 2017, the U.S. administration presented the U.S. Congress with a report on senior Russian political figures, "oligarchs" and "parastatal" entities. Our founder, executive director and substantial shareholder, Arkady Volozh, is one of nearly 100 persons included in one part of the so called "Kremlin List", on the basis of his reported net worth and Herman Gref, a member of our Board of Directors and the CEO and Chairman of Sberbank, the holder of our priority share, was included on the "List of Senior Political Figures." Although we are not aware of any intention on the part of the U.S. government to impose sanctions on Mr. Volozh, Mr. Gref or other persons named on this list, if Mr. Volozh or Mr. Gref were to become a target of sanctions, it could have material adverse effect on our business.

In December 2017, we entered into a binding agreement with Sberbank to form a joint venture in respect of our Yandex.Market business unit. Although Sberbank and a number of its subsidiaries are subject to "sectoral" sanctions, we believe that the pending joint venture is not within the scope of these prohibitions. Going forward, however, applicable sanctions could impose limitations on our ability to provide additional financing to this joint venture.

We could also be subject to a number of potential sanctions-related risks in the future. First, the sanctions rules, or the authoritative interpretation of current rules by the relevant authorities, could change at any time. In particular, OFAC (or other regulators) could:

- add additional parties to the sectoral sanctions list,
- designate the parties with whom we have significant business relationships as "specially designated nationals", meaning that all dealings with them by U.S. and/or EU persons would be prohibited; or
- expand current or new sanctions to cover entities that are less than 50% owned by a listed party, which could adversely affect our new Yandex.Market joint venture.

We are not aware of any proposals in this regard, but any such decisions would likely reflect the evolving geopolitical and U.S. domestic climate over time. In addition, the applicable sanctions requirements are interpreted broadly by the relevant authorities. In addition, many U.S. and EU parties typically take a very conservative view of compliance matters, given the ambiguities of some of these rules and the approach taken by the regulators. Some parties, in particular U.S. and EU financial institutions, have adopted internal compliance policies that are more restrictive than are strictly required by the applicable rules and have, for example, declined to engage in any dealings with parties on the sectoral sanctions list (including dealings that are not prohibited by the rules applicable to such parties) or with entities closely affiliated with such entities (even if such affiliated entities are not themselves a target of sanctions).

Although we act in strict compliance with applicable laws and regulations and adhere to the principles of political neutrality in all countries where we operate, further political, civil or military conflicts in the region may result in a general lack of confidence among international investors in the region's economic and political stability and in



Russian investments generally. Along with potential official government sanctions on Russia, U.S. and foreign investors may be pressured to reduce or withdraw their investments in Russia. Such circumstances may result in trading volatility, reduced liquidity and significant declines in the price of listed securities of companies with significant operations in Russia, including our Class A shares.

**Risks Related to Our Business and Industry**

*We face significant competition from major global and Russian companies, including Google and Mail.ru, which could negatively affect our business, financial condition and results of operations.*

We face strong competition in various aspects of our business from global and Russian companies that provide internet services and content, including search services. Currently, we consider our principal competitors in our core business to be Google and Mail.ru.

Of the large global internet companies, we consider Google to be our principal competitor in the market for desktop and mobile internet search, and for performance-based advertising, online advertising network revenues, advertising intermediary services, distribution arrangements and other services. According to Yandex Radar, Google's share of the Russian search market, based on search traffic generated, was 39.6% for the full year 2017 and 37.1% in 2016, compared with our market share of 55.1% in 2017 and 56.0% in 2016. Google conducts extensive online and offline advertising campaigns in Russia. In recent years, Google has aggressively marketed its products and services, including its Chrome browser in which its search engine is the default search function, its mobile application, as well as its maps and navigation products, leading to increased competition.

With Android, its popular mobile platform, Google exerts significant influence over the increasingly important market for mobile and location-based search and advertising. Pursuant to a settlement between FAS and Google reached in April 2017, Google is prohibited from arrangements prohibiting pre-installation of rival applications and is required to provide a choice to users in selecting their default search engine. Nevertheless, it is difficult to anticipate the long-term effects of such changes on our market shares in Android. Furthermore, we expect that Google will continue to use its brand recognition and global financial and engineering resources to compete aggressively with us. In addition to Google, we also face competition, albeit less intense, from the Russian and international businesses of Microsoft and Yahoo!

On the domestic side, our principal competitor is Mail.ru Group. Although we power paid search on Mail.ru Group properties and monetize a number of Mail.ru Group properties through our Yandex Advertising Network, we also compete with Mail.ru Group for online advertising budgets, allocated between social networks and search, as well as in food delivery services (through Mail.ru Group's recent acquisition of Delivery Club and our recent acquisition of FoodFox.) In addition, Mail.ru Group offers a wide range of internet services, the most popular Russian web mail service, and other services that are comparable to ours. Mail.ru's search market share was 4.1% and 3.4% in 2016 and 2017, respectively.

Although we have partnerships with a number of social networking sites and serve ads on some of these sites, we also view them as increasingly significant competitors. In light of their large audiences and the significant amount of information they can access and analyze regarding their users' needs, interests and habits, we believe that they may be able to offer highly targeted advertising that could create increased competition for us. The popularity of such sites may also reflect a growing shift in the way in which people find information, get answers and buy products, which may create additional competition to attract users.

In addition, our business units, which include Taxi, Classifieds and E-commerce, face significant competition in their respective business areas.

Our Taxi business, a joint venture with Uber which we completed in February 2018, faces competition from Gett, as well as a variety of other taxi and ride-sharing operators and dispatch services. In addition, although Yandex.Taxi and Uber operate as a joint venture in Russia and neighboring countries, our Taxi business may also compete with Uber in jurisdictions outside the scope of our joint venture territory.

Our Classifieds business faces competition from a range of online and offline classified services, including Avito, CIAN (in real estate), and Drom.ru (in automobile sales); and our E-commerce business faces competition from online

retailers and marketplaces, including AliExpress and Avito, as well as offline retailers.

We cannot guarantee that we will be able to continue to compete effectively with current and future companies that may have greater ability to attract and retain users, greater name recognition, more personnel and greater financial and other resources. If our competitors are successful in providing similar or better search results or other services compared with those we offer, we could experience a significant decline in user traffic or other business. Any such decline could negatively affect our business, financial condition and results of operations.

***The competition to capture market share on mobile devices is intense, and if we are not successful in achieving substantial reach among users and monetizing search and other services on mobile devices, our business, financial condition and results of operations could be adversely affected.***

Users are increasingly accessing the internet through mobile and other devices rather than desktop and laptop personal computers, including through smartphones, wearable devices, and handheld computers such as tablets, as well as through video game consoles and television set-top devices. Such devices have different characteristics than desktop and laptop personal computers (including screen size, operating system, user interface and use patterns). Tailoring our products and services to such devices requires particular expertise and the expenditure of significant resources. The versions of our products and services developed for these devices, including the advertising solutions we offer, may be less attractive to users, advertisers, manufacturers or distributors of devices than those offered by our competitors or than our desktop offerings. The percentage of our total search traffic that was generated from mobile devices increased from approximately 31% in the fourth quarter of 2016 to approximately 39% in the fourth quarter of 2017, while the percentage of our search revenues generated from mobile devices increased from approximately 25% to approximately 31% between those periods.

Each manufacturer or distributor of mobile or other devices may establish unique technical standards for its devices, and as a result our products and services may not work or be viewable on these devices. Some manufacturers may also elect not to include our products on their devices, or may be prohibited from doing so pursuant to their agreements with other parties. Although Google is prohibited from arrangements prohibiting pre-installation of rival applications and is required to provide a choice to users in selecting their default search engine, it is difficult to anticipate the long-term effects of such changes on our market shares in Android. In addition, consumers are increasingly accessing content directly via applications, or “apps”, tailored to particular mobile devices or in closed social media platforms, which could affect our share of the search market over time. As new devices and platforms are continually being released, it is difficult to predict the challenges we may encounter in adapting our products and services and developing competitive new products and services. See also “—As the internet evolves, an increasing amount of online content may be held in closed social networks, mobile apps or stored in proprietary document formats, which may limit the effectiveness of our search technology, which could adversely affect our brand, business, financial condition and results of operations.”

We expect to continue to devote significant resources to the creation, support and maintenance of mobile products and services. If we are unable to attract and retain a substantial number of device manufacturers, distributors and users to our products and services, or if we are slow to develop products and technologies that are more compatible with such devices and platforms, we will fail to capture the opportunities available as consumers and advertisers transition to a dynamic, multi-screen environment. Furthermore, given the importance of distribution and application pre-installation arrangements with the most popular device manufacturers to the successful operation of our business, failure to reach such arrangements may adversely affect our business, financial condition and results of operations.

***We expect the rate of growth of our revenues to be lower in the future and we may experience downward pressure on our operating margin.***

We expect that our advertising revenue growth rate will decline over time as a result of a number of factors, including continuing macroeconomic challenges in Russia, 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 the number of internet users in Russia as overall internet penetration increases. A decline in our advertising revenue growth rate may negatively impact the rate of growth of our revenues on a consolidated basis.

Other factors which may cause our operating margin to fluctuate or decline include:

- changes in the proportion of our advertising revenues that we derive from the Yandex ad network compared

with our own websites. In periods in which our Yandex ad network revenues grow more rapidly than those from our own sites, our operating margin generally declines because the operating margin we realize on revenues generated from partner websites is significantly lower than the operating margin generated from our own websites, as a result of traffic acquisition costs (TAC) that we pay to our partner websites. Over several past years our partner TAC was above 50% of our online advertising network revenues. The margin we earn on revenue generated from the Yandex ad network could also decrease in the future if we are required to share with our partners a greater percentage of the advertising fees generated through their websites;

- investments we make in our business units, in particular our Yandex.Taxi business;
- increased depreciation and amortization expense related to capital expenditures for many aspects of our business, particularly the expansion of our data centers to support growth in both our current and new markets;
- relatively higher spending on advertising and marketing to further enhance our brand and promote our services in Russia, to build and expand brand awareness in other countries where we operate and to respond to competitive pressures, if these efforts do not drive revenue growth in the manner we anticipate;
- expenses in connection with the launch of new products and related advertising and marketing efforts, which may not result in the anticipated increase in revenues or market share;
- the possibility of higher fees or revenue sharing arrangements with our distribution partners that distribute our products or services or otherwise direct search queries to our website. We expect to continue to expand the number of our distribution relationships in order to increase our user base and to make it easier for our existing users to access our services;
- costs incurred in our international expansion efforts until we succeed in building the user base necessary to begin generating sufficient revenues in these markets to earn accretive operating margins there; and
- increased costs associated with the creation, support and maintenance of mobile products and services to maintain and expand our offering and competitive market position, which may not result in anticipated increases in revenues or market share.

***We generate almost all of our revenues from advertising, which is cyclical and seasonal in nature, and any reduction in spending by or loss of advertisers would materially adversely affect our business, financial condition and results of operations.***

In the past three years, we generated on average more than 95% of our revenues from advertising. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions and budgeting and buying patterns, and can therefore fluctuate significantly. According to AKAR, the rate of growth in online advertising expenditures was 22% in 2017 compared to the similar period of 2016, up from a growth rate of 21% in 2016 compared with 2015 and a growth rate of 15% in 2015 compared with 2014. Any decreases in online advertising spending due to economic conditions, or otherwise, could materially adversely impact our business, financial condition and results of operations.

Advertising spending and user traffic also tend to be seasonal, with internet usage, advertising expenditures and traffic historically slowing down during the months, when there are extended Russian public holidays and vacations, and increasing significantly in the fourth quarter of each year. For these reasons, comparing our results of operations on a period-to-period basis may not be meaningful, and past results should not be relied upon as an indication of future performance. Furthermore, our business becomes more diversified, thus seasonal changes may have different effect on various lines of business.

***We rely on third party partners for a material portion of our revenues and for expanding our user base via distribution arrangements. Any failure to obtain or maintain such relationships on reasonable terms could have an adverse effect on our business, financial condition and results of operations.***

Revenues from advertising on our ad network partner websites represented 25.5% of our online advertising

revenues in 2017 compared with 27.1% in 2016. We consider our ad partner network to be important for the continued growth of our business. Our agreements with our network partners, other than our agreement to power paid search results on Mail.ru, are generally terminable at any time without cause. Our competitors could offer more favorable terms to our current or potential network partners, including guaranteed minimum revenues or other more advantageous revenue-sharing arrangements, in an effort to take market share away from us. Additionally, some of our partners in the Yandex ad network, such as Mail.ru and Microsoft Bing, compete with us in one or more areas and may terminate their agreements with us in order to develop their own businesses. If our network partners decide to use a competitor's advertising services, our revenues would decline.

Many of our key network partners operate high-profile websites, and we derive tangible and intangible benefits from this affiliation, such as increased numbers of users, extended brand awareness and greater audience reach for our advertisers. If our agreements with any of these partners are terminated or not renewed and we do not replace those agreements with comparable agreements, our business, financial condition and results of operations would be adversely affected.

The number of paid clicks and amount of revenues that we derive from our partners in the Yandex ad network depends on, among other factors, the quality of their websites and their attractiveness to users and advertisers. Although we screen new applicants, favor websites with high-quality content and stable audiences, and strive to monitor the quality of the network partner websites on an ongoing basis, these websites are operated by independent third parties that we do not control. If our network partners' websites deteriorate in quality or otherwise fail to provide interesting and relevant content and services to their users, this may result in reduced attractiveness to their users and our advertisers, which may adversely impact our business, financial condition and results of operations.

To expand our user base and increase traffic to our sites and mobile applications, we enter into arrangements with leading software companies and device manufacturers for the distribution of our services and technology. In particular, we have agreements, on a co-marketing basis, with certain internet browsers. As new methods for accessing the internet become available, including through new digital platforms and devices, we may need to enter into new or amended distribution agreements. See also "—The competition to capture market share on mobile devices is intense, and if we are not successful in achieving substantial reach among users and monetizing search and other services on mobile devices, our business, financial condition and results of operations could be adversely affected."

Our most significant distribution partner in 2017 was Opera, which offers mobile and desktop browsers, and where Yandex is the default search in certain search entry points. Each of our other distribution partners constitutes less than 10% of our total distribution traffic acquisition costs. If we are unable to continue our arrangements with Opera, or maintain existing or enter into comparable arrangements with new distribution partners, particularly for the distribution of our search and other services on mobile devices, this would likely have a negative effect on our search market share over time. In the future, existing and potential distribution partners may not offer or renew distribution arrangements on reasonable terms for us, or at all, which could limit our ability to maintain and expand our user base, and could have a material adverse effect on our business, financial condition and results of operations.

***As the Russian internet market matures, our future expansion will increasingly depend on our ability to generate revenues from new businesses, new business models or in other markets. If we do not continue to innovate and provide services that are useful and attractive to our users, we may be unable to retain them and may become less attractive to our advertisers, which could adversely affect our business, financial condition and results of operations.***

As internet usage has spread in Russia, the rate of growth in the number of internet users has been declining. Our success depends on providing search and other services that make using the internet a more useful and enjoyable experience for our users. As search technology continues to develop, our competitors may be able to offer search capabilities that are, or that are seen to be, substantially similar to, or better than, ours. As our core market matures, we will need to provide new services, further exploit non-core business models, such as our Taxi, E-commerce and Classifieds business units, or expand into new geographic markets in order to continue to grow our revenues at previously achieved levels. The cost we incur in these efforts, both in terms of product development expenses and advertising and marketing costs, can be significant.

If we are unable to continue to develop and provide our users with quality, up-to-date services, and to appropriately time the services with market opportunities, or if we are unable to maintain the quality of such services, our user base may not grow, or may decline. Further, if we are unable to attract and retain a substantial share of internet traffic

generated by mobile and other digital devices, or if we are slow to develop services and technologies that are compatible with such devices, our user base may not grow or may decline.

If our users move to our competitors, we will also become less attractive to advertisers and therefore to Yandex ad network partners. This could adversely affect our business, financial condition and results of operations.

***Our business depends on a strong brand and our ability to license, acquire or create compelling content at reasonable costs. Failure to maintain and enhance our brand and offer compelling content would harm our ability to expand our base of users, advertisers and network partners and would materially adversely affect our business, financial condition and results of operations.***

We believe that the brand identity that we have developed through the strength of our technology, our user focus and, in particular, our ability to deliver compelling content, has significantly contributed to the success of our business. We license much of our content from third parties, such as music, news items, weather reports and TV program schedules. If we are unable to maintain and build relationships with third-party content providers, this would likely result in a weakening of our brand and a loss of user traffic. In addition, we may be required to make substantial payments to third parties from whom we license or acquire such content. An increase in the prices charged to us by third-party content providers would adversely affect our business, financial condition and results of operations. In addition, many of our content licenses with third parties are non-exclusive. Accordingly, other websites and other media such as radio or television may be able to offer similar or identical content. This increases the importance of our ability to aggregate compelling content in order to differentiate Yandex from other businesses.

We also believe that maintaining and enhancing the Yandex brand, including through continued significant marketing efforts, is critical to expanding our base of users, advertisers, advertising network partners, and other business partners. As described below, several of our business units do or will operate as joint ventures. Although we have sought to implement appropriate controls and protections, depending on specific terms of joint venture arrangements we may have more limited ability to ensure that these businesses are operated in a manner that is consistent with the broader Yandex brand.

Additionally, if we or one of our joint venture partners fail to maintain and enhance the Yandex brand, or if we incur excessive expenses in our efforts to do so, our business, financial condition and results of operations could be materially adversely affected. If other companies make available competitive content, the number of users of our services may not grow as anticipated, or may decline.

Maintaining and enhancing our brand, especially in relation to mobile services, will depend largely on our ability to continue to be a technology leader and a provider of high-quality, reliable services, which we may not continue to do successfully.

***Several of our businesses operate through joint ventures with third parties, which involves risks that we do not face with respect to our core business.***

Our Yandex.Taxi business now operates as a joint venture with Uber, while our Yandex.Money business operates as a joint venture with Sberbank. We have also signed a definitive agreement to enter into a joint venture with Sberbank in respect of our Yandex.Market business. Sberbank is the holder of our priority share and Herman Gref, its chief executive officer and chairman, serves as one of our non-executive directors. Our joint venture partners have certain shareholder and contractual rights in respect of the management of these joint ventures, and therefore we do not have sole control over the management or operations of our joint ventures. The level of control exercisable by us depends on the terms of the contractual agreements, in particular, the allocation of control among, and continued cooperation between, the participants.

We may face financial, reputational and other exposure (including regulatory censure) in the event that any of our partners fail to meet their obligations under the arrangements, encounter financial difficulty, or fail to comply with local or international regulation and standards. A temporary or permanent disruption to these arrangements, such as through significant deterioration in the reputation, financial position or other circumstances of the third party or material failure in controls, could adversely affect our results of operations.

The formation and operation of joint ventures involve significant challenges and risks, including:

- difficulties in integrating operations and managing the large and diverse number of personnel, products, services, technology, internal controls and financial reporting of constituent components of our joint ventures, and any unanticipated expenses relating to business integration;
- disruption of our ongoing business, distraction of our management and employees and increase of our expenses;
- departure of skilled professionals as well as the loss of established client relationships of the businesses we invest in or acquire;
- unforeseen or hidden liabilities or additional operating losses, costs and expenses that may adversely affect us following the transactions;
- potential impairment charges or write-offs due to the changes in the fair value of our business units as a result of market volatility or other reasons that we may not control which could have a material adverse effect on our financial results;
- regulatory hurdles including in relation to the anti-monopoly and competition laws;
- the risk that any of our pending or other future proposed transactions fails to close, including as a result of political and regulatory challenges and protectionist policies; and
- challenges in maintaining or further growing our business units, or achieving the expected benefits of synergies and growth opportunities in connection with these transactions.

***If we fail to manage effectively the growth of our operations, our business, financial condition and results of operations could be adversely affected.***

We have experienced, and continue to experience, growth in our operations, which has placed, and will continue to place, significant demands on our management and our operational and financial infrastructure.

We have carved out certain of our services into separate business units in order to facilitate the growth of those services. Management of these separate business units requires additional administrative effort, which may put strain on our management and other resources. If we do not effectively manage our growth and the operation of our business units, the quality of our services could suffer, which could adversely affect our brand, business, financial condition and results of operations.

As our user and advertiser bases expand, we will need to continue to increase our investment in technology, infrastructure, facilities and other areas of operations, in particular product development, sales and marketing. As a result of such growth, we will also need to continue to improve our operational and financial systems and managerial controls and procedures. We will have to maintain close coordination among our technical, accounting, finance, marketing and sales personnel. If the improvements are not implemented successfully, our ability to manage our growth will be impaired and we may have to make significant additional expenditures, which could harm our business, financial condition and results of operations.

***We will need to make new arrangements for our Russian headquarters premises before our current lease expires in 2021, which may result in material expenses and distraction of management attention.***

Our Russian headquarters are currently located in approximately 65,000 square meters of rented property in central Moscow, with leases expiring in 2021. As a consequence, once our lease expires, we will need to make alternative arrangements for our Russian headquarters, which may include negotiating a new lease for our current premises, moving to new leased premises, or purchasing or developing our own premises. If we seek to negotiate a new lease for our current or new premises, we may be unable to secure favorable terms, and may be required to agree to rent denominated in, or linked to, U.S. dollars, which would subject us to foreign exchange risk. If we decide to purchase or develop our own premises, we may incur substantial up-front expenses and may encounter challenges in managing or coordinating a development process outside our area of core competence.

***Our corporate culture has contributed to our success, and if we cannot maintain the focus on teamwork and innovation fostered by this environment, our business, financial condition and results of operations would be adversely affected.***

We believe that a critical contributor to our success has been our corporate culture, which values and fosters teamwork and innovation. As our business matures, and we are required to implement more complex organizational management structures, we may find it increasingly difficult to maintain the beneficial aspects of our corporate culture. We have carved-out a number of our services into separate business units, in order in part to maintain the “start-up spirit” and provide greater strategic and operational focus for these units. We operate or will operate several of our business units as joint ventures with other parties. In such situations our efforts in maintaining our corporate culture may not be successful, which would adversely affect our business, financial condition and results of operations. In particular, the spin-off of certain business units or further establishing of joint ventures and partnerships may cause the loss of some of our clients, or disruption in the provision of the services that are being carved out, and may require additional attention from our management.

***The loss of any of our key personnel or a failure to attract, retain and motivate qualified personnel, may have a material adverse effect on our business, financial condition and results of operations.***

Our success depends in large part upon the continued service of key members of our management team and technical personnel, as well as our continued ability to attract, retain and motivate other highly qualified engineering, programming, technical, sales, customer support, financial and managerial personnel.

Although we attempt to structure employee compensation packages in a manner consistent with the evolving standards of the markets in which we operate and to provide incentives to remain with Yandex, including equity awards under our employee incentive plans, we cannot guarantee that we will be able to retain our key employees. Although we grant additional equity awards to management personnel and other key employees from time to time, employees may be more likely to leave us after their initial award fully vests. Depreciation of the market value of our shares could also make such equity awards less effective in retaining our key employees, especially for options issued above the current trading price. If any member of our senior management team or other key personnel should leave our group, our ability to successfully operate our business and execute our business strategy could be impaired. We may also have to incur significant costs in identifying, hiring, training and retaining replacements for departing employees.

The competition for software engineers and qualified personnel who are familiar with the internet industry in Russia is intense. We may encounter difficulty in hiring and/or retaining highly talented software engineers to develop and maintain our services. There is also significant competition for personnel who are knowledgeable about the accounting and legal requirements related to a NASDAQ listing, and we may encounter particular difficulty in hiring and/or retaining appropriate financial staff needed to enable us to continue to comply with the internal control requirements under the Sarbanes-Oxley Act and related regulations.

Any inability to successfully retain key employees and manage our personnel needs may have a material adverse effect on our business, financial condition and results of operations.

***Growth in our operations internationally may create increased risks that could adversely affect our business, financial condition and results of operations.***

We have limited experience with operations outside Russia, and in 2017 derived only approximately 7.0% of our revenues from customers outside Russia. Part of our future growth strategy is to expand our operations geographically on an opportunistic basis. Our geographic expansion efforts generally require the expenditure of significant costs in the new geography prior to achieving the market share necessary to support the commercialization of our core services, which allows us to begin generating revenues from our core services in the new geography. Our ability to manage our business and conduct our operations across a broader range of geographies will require considerable management attention and resources and is subject to a number of risks relating to international markets, including the following:

- challenges caused by distance, language and cultural differences;
- managing our relationships with local partners should we choose to adopt a joint venture approach in our international expansion efforts;

- credit risk and higher levels of payment fraud in certain countries;
- pressure on our operating margins as we invest to support our expansion;
- currency exchange rate fluctuations and our ability to manage our currency exposure;
- foreign exchange controls that might prevent us from repatriating cash earned in certain countries;
- legal risks, including potential of claims for infringement of intellectual property and uncertainty regarding liability for online services and content;
- adoption of new legislation and regulations, which may adversely impact our operations or may be applied in an unpredictable manner;
- potentially adverse tax consequences;
- deleterious changes in political environment;
- unexpected changes in preferences and perceptions of our users and customers; and
- higher costs and greater management time associated with doing business internationally.

In addition, compliance with complex and potentially conflicting foreign and Russian laws and regulations that apply to our international operations may increase our cost of doing business and may interfere with our ability to offer, or prevent us from offering, our services in one or more countries. These numerous laws and regulations include import and export requirements, content requirements, trade restrictions, tax laws, economic sanctions, internal and disclosure control rules, data protection, data retention, privacy and filtering requirements, labor relations laws, U.S. laws, such as the Foreign Corrupt Practices Act, and local laws prohibiting corrupt payments to governmental officials. Violations of these laws and regulations may result in fines; criminal sanctions against us, our officers, or our employees; prohibitions on the conduct of our business; and damage to our reputation. Although we have implemented policies and procedures designed to ensure compliance with these laws, we cannot assure you that our employees, contractors or agents will not violate our policies. Any such violations may result in prohibitions on our ability to offer our services in one or more countries, and may also materially adversely affect our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, and our business, financial condition and results of operations.

***Any decline in the internet as a significant advertising platform in the countries in which we operate could have a material adverse effect on our business, financial condition and results of operations.***

We generate most of our revenues from the sale of online advertising in Russia. Although the use of the internet as a marketing channel in Russia is maturing, the level of overall spending on advertising in Russia remains relatively low compared to that in other developed countries. Broadband penetration rates in Russia are also relatively low compared to those in some other developed countries. The internet competes with traditional advertising media, such as television, print, radio and outdoor advertising. Although advertisers have become more familiar with online advertising in recent years, some of our current and potential customers have limited experience with online advertising, and have not historically devoted a significant portion of their marketing budgets to online marketing and promotion. As a result, they may be less inclined to consider the internet effective in promoting their products and services compared with traditional media.

Any decline in the appeal of the internet generally in Russia or the other countries in which we operate, whether as a result of increasing governmental regulation of the internet, the growth in popularity of other forms of media, a decline in the attractiveness of the internet as an advertising medium or any other factor, could have a material adverse effect on our business, financial condition and results of operations.

***If our security measures are breached, malicious applications interfere with or exploit security flaws in our services, or our services are subject to attacks that degrade or deny the ability of users to access our products and services, our products and services may be perceived as not being secure, users and customers may curtail or stop using our products***



*and services, and we may incur significant legal and financial exposure.*

Third parties have in the past attempted, and may in the future attempt, to use malicious applications to interfere with our services and may disrupt our ability to connect with our users. Such interference often occurs without disclosure to or consent from users, resulting in a negative experience that users may associate with Yandex. Such an attack could also lead to the destruction or theft of information, potentially including confidential or proprietary information relating to Yandex's intellectual property, content and users. For example, if a third party were to hack into our network, they could obtain access to our search code. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose users and customers.

Although we maintain substantial security measures, such measures may also be breached due to employee error, malfeasance, system errors or vulnerabilities, fraudulent actions of outside parties, or otherwise. Such security breaches may expose us to a risk of loss of this information, litigation, remediation costs, increased costs for security measures, loss of revenue, damage to our reputation, and potential liability.

In addition, we offer applications and services that our users download to their devices or that they rely on to store information and transmit information to others over the internet. These services are subject to attack by viruses, worms and other malicious software programs, which could jeopardize the security of information stored in a user's device or in our computer systems and networks. These applications may be difficult to remove or disable, may reinstall themselves and may circumvent other applications' efforts to block or remove them. If our efforts to combat these malicious applications are unsuccessful, or if our services have actual or perceived vulnerabilities, our reputation may be harmed, our user traffic could decline, and our communications with certain users could be impaired, which could adversely affect our business, financial condition and results of operations.

*As the internet evolves, an increasing amount of online content may be held in closed social networks, mobile apps or proprietary document formats, which may limit the effectiveness of our search technology, which could adversely affect our brand, business, financial condition and results of operations.*

Social networks are important players in the internet market, and have a significant degree of control over the manner and extent to which information on their websites can be accessed through third-party search engines.

In addition, a large amount of information on the internet is provided in proprietary document formats such as Microsoft Word and Adobe Acrobat. The providers of the software applications used to create these documents could engineer the document format to prevent or interfere with our ability to access the document contents with our search technology. Information can also be stored in other closed systems, such as mobile apps.

If social or other networks or software providers take steps to prevent their content or documents in their formats from being searchable, such content would not be included in our search results even if the content was directly relevant to a search request. These parties may also seek to require us to pay them royalties in exchange for giving us the ability to search content on their sites, in their networks or documents in their format and provide links thereto in our search results. If these parties also compete with us in the search business, they may give their search technology a preferential ability to search their content or documents in their proprietary format. Any of these results could adversely affect our brand, business, financial condition and results of operations.

*We may not be able to prevent others from unauthorized use of our intellectual property rights, which may adversely affect our competitive position, our business, financial condition and results of operations.*

We rely on a combination of patents, trademarks, trade secrets and copyrights, as well as nondisclosure agreements, to protect our intellectual property rights. Our patent department is responsible for developing and implementing our group-wide patent protection strategy in selected jurisdictions, and to date we have filed more than 600 patent applications, of which more than 200 have resulted in issued patents. The protection and enforcement of intellectual property rights in Russia and other markets in which we operate, however, may not be as effective as that in the United States or Western Europe. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective. Any significant infringement of our intellectual property rights could harm our business, our brand and/or our

ability to compete, all of which could adversely affect our competitive position, our business, financial condition and results of operations.

***We may be subject to intellectual property infringement claims, which are costly to defend, could result in significant damage awards, and could limit our ability to provide certain content or use certain technologies in the future.***

A number of internet, technology, media and patent-holding companies own or are actively developing patents covering search, indexing, electronic commerce and other internet-related technologies, as well as a variety of online business models and methods. We believe that these parties will continue to take steps to protect these technologies, including, but not limited to, seeking patent protection in certain jurisdictions. As a result, disputes regarding the ownership of technologies and rights associated with online activities are likely to arise in the future. In addition, use of open-source software is often subject to compliance with certain license terms, which we may inadvertently breach.

With respect to any intellectual property rights claim, we may have to pay damages or compensation and/or stop using technology found to be in violation of a third party's rights. We may have to seek a license for the technology, which may not be available on commercially reasonable terms or at all, and may significantly increase our operating expenses. We may be required to develop an alternative non-infringing technology, which may require significant effort, expense and time to develop. If we cannot license or develop technology for any potentially infringing aspects of our business, we may be forced to limit our service offerings and may be unable to compete effectively. We may also incur substantial expenses in defending against third-party infringement claims regardless of the merit of such claims.

***We may be held liable for information or content displayed on, retrieved by or linked to our websites and mobile applications, or distributed by our users; or we may be required to block certain content or access to our websites could be restricted; any of which could harm our reputation and business.***

The law and enforcement practice relating to the liability of providers of online services for the activities of their users is currently not settled in Russia and certain other countries in which we operate. Claims may be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, tort (including personal injury), fraud, other unlawful activity or other theories and claims based on the nature and content of information to which we link or that may be posted online via blogs and message boards, generated by our users or delivered or shared through our services, including if appropriate licenses and/or rights holder's consents have not been obtained. For example, we have previously been involved in litigation regarding alleged copyright infringement in the United States. We are also regularly required to remove content uploaded by users on grounds of alleged copyright infringement, and from time to time we receive requests from individuals who do not want their names or websites to appear in our search results. Third parties may also seek to assert claims against us alleging unfair competition, data misappropriation, violations of privacy rights or failure to maintain the confidentiality of user data. Our defense of any such actions could be costly and involve significant time and attention of our management and other resources. If any of these complaints results in liability to us, the judgment or settlement could potentially be costly, encourage similar lawsuits, and harm our reputation and possibly our business.

The governments of the countries in which we operate are increasingly developing legislation aimed at regulation of the internet, in many places expanding liability and creating new obligations for companies which operate in the internet. For example, in 2017 new draft legislation was introduced which, if adopted, could require us to delist search results linking to websites that have been blocked in Russia for repeated copyright infringements. New legislation and regulations may impose additional new requirements on us and our operations and lead to material legal liability, which can be difficult to foresee or limit.

Additional recent legislation in Russia has introduced a system of information and website blocking measures both to prevent and stop copyright and related rights infringements and to prevent dissemination of illegal information, such as child pornography, content encouraging suicides and drug use, information on minors hurt by illegal actions and extremist information. The regulations generally require a request from the governmental authority to take down the allegedly infringing or illegal information prior to blocking of a particular website. However, in some cases, such as dissemination of extremist information, access to such information can be blocked without notification or prior judicial scrutiny. The categories of illegal information to which access can be restricted may be interpreted broadly or be expanded. In certain cases, even removal of illegal information does not eliminate the risk of website blocking or reinstate access to the blocked website. For example, Russian legislation allows for permanent blocking of websites for repeated violation of copyright and related rights. There is little clarity as to how this measure will be applied in practice. We may be subject to unpredictable blocking measures, injunctions or court decisions that may require us to block or remove content and may

adversely affect our services and operations. In addition, to ensure compliance with such laws we may be required to commit greater resources, or to limit functionality of our services, which may adversely affect the appeal of our services to our customers.

***We rely on the continued availability, development and maintenance of the internet infrastructure in the countries in which we operate, including third-party providers of our principal internet connections and the equipment critical to our internet properties and services. Any errors, failures or disruption in the products and services provided by these third parties may materially adversely affect our brand, business, financial condition and results of operations.***

Our future success will depend on the continued availability, development and maintenance of the internet infrastructure globally and particularly in the countries in which we operate. This includes maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable internet services. Any disruption in the network access provided by third parties or any failure by them to handle current or higher future volumes of use may significantly harm our business. We have experienced and expect to continue to experience interruptions and delays in service from time to time. Furthermore, we depend on hardware and software suppliers for prompt delivery, installation and service of servers and other equipment to deliver our services. The internet infrastructure may also be unable to support the demands placed on it by growing numbers of users and time spent online or increased bandwidth requirements. Government regulation may also limit our access to adequate and reliable internet infrastructure. Any outages or delays resulting from inadequate internet infrastructure or due to problems with our third-party providers could reduce the level of internet usage as well as our ability to provide our services to users, advertisers and network partners, which could materially adversely affect our business, financial condition and results of operations.

***We may have difficulty scaling and adapting our existing technology architecture to accommodate increased traffic and technology advances or new requirements of our users and advertisers, which could adversely affect our business, financial condition and results of operations.***

With some of the most highly visited websites in Russia, we deliver a growing number of services and page views to an increasing number of users. In addition, the services we offer have expanded and changed significantly and are expected to continue to do so in the future to accommodate bandwidth-intensive technologies and means of content delivery, such as interactive multimedia and video. Our future success will depend on our ability to adapt to rapidly changing technologies, to adjust our services to evolving industry standards and to maintain the performance and reliability of our services. Rapid increases in the levels or types of use of our online services could result in delays or interruptions in our services.

As we expand our services, we will need to continue to invest in new technology infrastructure, including data centers. We may have difficulty in expanding our infrastructure to meet any rising demand for our services, including difficulties in obtaining suitable facilities or access to sufficient electricity supplies. A failure to expand our infrastructure could materially and adversely affect our ability to maintain and increase our revenues and profitability and could adversely affect our business, financial condition and results of operations.

***Certain technologies could block our ads, which may adversely affect our business, financial condition and results of operations.***

Advertising displayed on our platforms may be interfered with by third parties, which may adversely affect our ability to attract advertisers. For example, third parties have in the past, and may in the future, employ technologies to block the display of ads on webpages. Ad-blocking technology, if used widely and effectively, would reduce the amount of revenue generated by the ads we serve and decrease the confidence of our advertisers and Yandex ad network partners in our advertising technology, which may adversely affect our business, financial condition and results of operations.

***If we fail to detect click fraud or other invalid clicks, we may face litigation and may lose the confidence of our advertisers, which may adversely affect our business, financial condition and results of operations.***

We are also exposed to the risk of fraudulent and invalid clicks on the ads we serve from a variety of potential sources. Invalid clicks are clicks that we have determined are not intended by the user to access the underlying content, including clicks resulting from click fraud executed by automated scripts of computer programs. We monitor our own websites and those of our partners for click fraud and proactively seek to prevent click fraud and filter out fraudulent or other invalid clicks. To the extent that we are unsuccessful in doing so, we credit our advertisers for clicks that are later

attributed to click fraud. If we are unable to stop these invalid clicks, these credits to our advertisers may increase. This could negatively affect our profitability, and these invalid clicks could result in legal claims or harm our brand.

***Our business depends on the accuracy and reliability of our search results and dependability of our other services. A systems failure, technical interference or human error could prevent us from providing accurate search results or ads or reliably deliver our other services, which could lead to a loss of users and advertisers and damage our reputation and materially adversely affect our business, financial condition and results of operations.***

Our business depends on our ability to provide accurate and reliable search results, which may be disrupted. For example, because our search technology ranks a webpage's relevance based in part on the importance of the websites that link to it, people have attempted to link groups of websites together to manipulate search results. If our efforts to combat these and other types of "index spamming" are unsuccessful, our reputation for delivering relevant results could be harmed. This could result in a decline in user traffic, which may adversely affect our business, financial condition and results of operations.

Although we maintain robust network security measures, our systems are potentially vulnerable to damage or interruption from terrorist attacks, denial-of-service attacks, computer viruses or other cyber-attacks or attempts to harm our system, power losses, telecommunications failures, floods, fires, extreme weather conditions, earthquakes and similar events. Our data centers, which we maintain ourselves, are also potentially subject to break-ins, sabotage and intentional acts of vandalism, and to potential disruptions. The occurrence of a natural disaster or other unanticipated problems at our data centers could result in lengthy interruptions in our service, which could reduce our revenues and profits, and our brand could be damaged if people believe our services are unreliable.

From time to time, we have experienced power outages that have interrupted access to our services and impacted the functioning of our internal systems. Although we maintain back-up generators, these may not operate properly through a major sustained power outage or their fuel supply could be inadequate. Any unscheduled interruption in our services places a burden on our entire organization and would result in an immediate loss of revenue. If we experience frequent or persistent system failures on our websites, our reputation and brand could be permanently harmed. The steps we have taken to increase the reliability and redundancy of our systems are expensive, reduce our operating margin and may be insufficient to reduce the frequency or duration of unscheduled downtime.

Although we test updates before implementation and there were no significant downtime periods in recent years, errors made by our employees in maintaining or expanding our systems may damage our brand and may have a materially adverse effect on our business, financial condition and results of operations.

***We acquire complementary businesses, teams and technologies from time to time, and may fail to identify additional suitable targets, acquire them on acceptable terms or successfully integrate them, which may limit our ability to implement our growth strategy. Acquisitions of new businesses may also lead to increased legal risks and other negative consequences, which could have an adverse effect on our business, financial condition and results of operations.***

We regularly acquire other businesses, technologies and teams. The acquisition and integration of new businesses, technologies and people pose significant risks to our existing operations, including:

- additional demands placed on our management, who are also responsible for managing our existing operations;
- increased overall operating complexity of our business, requiring greater personnel and other resources;
- difficulties in expanding beyond our core expertise;
- significant initial cash expenditures or share dilution in connection with acquiring and integrating new businesses; and
- legal risks (including potential claims of the counterparty or of third parties), which may result from our lack of expertise in the field of the target's business, incomplete or improper due diligence, misrepresentations by counterparties, and/or other causes.

The integration of new businesses presents a number of challenges, including differing cultures or management styles, poor financial records or internal controls on the part of the acquired companies, and an inability to establish control over cash flows. Furthermore, even if we are successful in integrating new businesses, expected cost and operating efficiencies may not materialize, the financial benefits from the acquisition may be less than anticipated, and we could be required to record impairment changes in respect of under-performing assets.

Moreover, our growth may suffer if we fail to identify suitable acquisition targets or are outbid by competing bidders. As a NASDAQ-listed company, we are subject to securities laws and regulations that, in certain circumstances, require that we file with the SEC audited historical financial statements for businesses we acquire that exceed certain materiality thresholds. Given financial reporting practices in Russia and other countries in which we operate, such financial statements and documented systems of internal controls over financial reporting are often not readily available or not capable of being audited to the standards required by U.S. securities regulations. As a result, we may be prevented from or delayed in pursuing acquisition opportunities that our competitors and other financial and strategic investors are able to pursue, which may limit our ability to implement our growth strategy.

***Failure to maintain effective customer service may result in customer complaints and negative publicity and may adversely affect our business, financial condition and results of operations.***

Customer complaints or negative publicity about our services or those offered by us (including services offered by our business units) or one of our joint ventures, or breaches of customers' privacy or of our security measures, could diminish consumer confidence in and use of our services. Measures we implement to combat risks of fraud and breaches of privacy and security may be viewed as onerous by our customers or those of our joint venture and damage relations with them. Alternately, should breaches of customers' privacy or of security measures occur, we could be subject to investigations and claims from governmental bodies, as well as from our customers. These measures heighten the need for prompt and accurate customer service to resolve irregularities and disputes. Effective customer service requires significant personnel expense, and such expense, if not managed properly, may impact our profitability or that of our one of our joint ventures. Any inability by us or our joint venture to manage or train our or their customer service representatives properly could compromise our or their ability to handle customer complaints effectively. In case of failure to maintain effective customer service by us or by one of our joint ventures, our reputation may suffer and we may lose our customers' confidence, which may adversely affect our business, financial condition and results of operations.

***The inherent limitations of the available data regarding internet usage and online advertising may make it difficult to assess our markets and our market position.***

We rely on and refer to information and statistics from various third-party sources, as well as our own internal estimates, regarding internet usage and penetration and the online advertising markets in the countries in which we operate. The information and statistics used in our industry are subject to inherent limitations reflecting the differing metrics and measurement methods utilized and applied by different sources; for example, data derived from computer usage contrasted to that derived from user surveys. In addition, while we believe that the available data and research on the Russian market is of comparable quality to that available in most developed countries, the data for Kazakhstan and Belarus are generally less consistent and reliable due to more limited third-party measurements in those countries.

***We may be subject to claims from our current or former employees as well as contractors for copyright, trade secret and patent - related matters, which are costly to defend and which could adversely affect our business, financial condition and results of operation.***

The software, databases, algorithms, images, patentable intellectual property, trade secrets and know-how that we use for the operation of our services were generally developed, invented or created by our former or current employees or contractors during the course of their employment with us within the scope of their job functions or under the relevant contractor's agreement, as the case may be. As a matter of Russian law, we are deemed to have acquired copyright and related rights as well as rights to file patent applications with respect to such products, and have the intellectual property rights required for their further use and disposal subject to compliance with certain requirements set out in the Civil Code of Russia. We believe that we have appropriately followed such requirements, but they are defined in a broad and ambiguous manner and their precise application has never been definitively determined by the Russian courts. Therefore, former or current employees or contractors could either challenge the transfer of intellectual property rights over the products developed by them or with their contribution or claim the right to additional compensation for their works for hire and/or patentable results, in addition to their employment compensation. We may not prevail in any such action and

any successful claim, although unlikely to be material, could adversely affect our business and results of operation.

**Risks Related to Doing Business and Investing in Russia and Other Countries in which We Operate**

*The legal system in Russia and other countries in which we operate can create an uncertain environment for investment and business activity that could have a material adverse effect on the value of our Class A shares, our business, financial condition and results of operations.*

The legal framework supporting a market economy remains under development in Russia and the other countries in which we operate and, as a result, the relevant legal systems can be characterized by:

- rapid or unexpected changes in the legislative framework;
- inconsistencies between and among laws and regulations;
- gaps in the regulatory structure resulting from the delay in adoption or absence of implementing regulations and a subordinate legal framework;
- selective and inconsistent enforcement of laws or regulations, sometimes in ways that have been perceived as being motivated by political or financial considerations;
- limited or contradictory judicial and administrative guidance on interpreting legislation;
- relatively limited experience of judges and courts in interpreting recent and evolving commercial legislation as well as in understanding specifics of business operations and international best practices in the sphere of information technology and other areas;
- a perceived lack of judicial and prosecutorial independence from political, social and commercial forces;
- inadequate court system resources;
- a high degree of discretion on the part of the judiciary and governmental authorities; and
- poorly developed bankruptcy procedures that are not infrequently abused.

Any of these factors may result in our being subject to unpredictable fines or requirements, affect our ability to enforce our rights under our contracts or to defend ourselves against claims by others, or result in our being subject to unpredictable requirements, and could have a material adverse effect on our Class A shares and our business, financial condition and results of operations. The fact that we are a high-profile company may heighten this risk. See “—Businesses in Russia have on occasion been subject to actions by public authorities that some have characterized as unpredictable or politically motivated.”

*Because the range of the services we provide is increasing and the legal framework governing the operations in our markets is evolving, we may be required to obtain additional licenses, permits or registrations or comply with other requirements, which may be costly or may limit our flexibility to run our business.*

As we increase the range of services and diversify our business we may have to apply for additional licenses. Maintenance of granted licenses and obtaining new licenses may require us to spend additional resources. Licensing requirements may also limit our flexibility in running our business. Failure to maintain required licenses may significantly limit our ability to provide new services in respect of which these licenses are required.

Court interpretations and the applicability of Russian legislation and regulations in relation to our business can be ambiguous or contradictory and it is possible that the authorities may determine that we are required to have additional licenses, permits or registrations to provide our services. For example, we could fall within the regulations that require receipt of licenses/permits or compliance with certain mandatory procedures with respect to the provision of telecommunications services, the delivery of “mass media” and the use of encryption technologies by businesses. Such

licensing or compliance processes may be time consuming and expensive and we may not be successful in acquiring any newly required licenses. Additionally, if we fail to obtain and maintain required licenses, permits or registrations or comply with certain mandatory procedures, we may face fines, penalties or sanctions.

As the legal framework in Russia continues to evolve, we may be required to take additional actions in order to comply with new legislation. Although we believe that we are in full compliance with applicable laws, ambiguities in legislation and the wide discretion granted to regulatory authorities may result in us being subject to additional regulatory requirements. Compliance with additional or new regulatory requirements, or new interpretations or applications of existing requirements, may also require us to spend additional resources and limit our flexibility in providing our services.

New legislation under discussion in the Russian government may potentially affect the services we provide. In particular, there have been proposals regarding the regulation of taxi services, including on-line taxi aggregators. Adoption of new regulation in this area may result in new duties and restrictions on our Taxi business. Recently, the Russian State Duma has also debated whether to impose new duties on the owners of social networks. The owners of social networks could be obligated to delete certain types of information from their websites at request of users. Although we believe that we would not be affected by such legislation, it could be interpreted in such a way that it affects our business. The Russian State Duma is also considering legislation that would regulate aggregators of information about goods and services offerings. If adopted, such proposals could result in the imposition of additional obligations and liability on the providers of such intermediary services and could require us to modify certain of our services, including Yandex.Mail, Yandex.Taxi and Yandex.Market, as well as spend additional resources in order to ensure compliance with new regulations. If we fail to comply with applicable legal requirements, we may face fines, penalties or sanctions.

***Applicable legislation imposes restrictions and requirements on us with respect to processing of certain types of personal and other data and data retention which may impose additional obligations on us, limit our flexibility, or harm our reputation with users.***

Collection and handling of user data by any entity or person in Russia and other countries may be subject to certain requirements and restrictions. If these requirements and restrictions are amended, interpreted or applied in a manner not consistent with current practice, we could face fines or orders requiring that we change our operating practices, which in turn could have a material adverse effect on our business, financial condition and results of operations.

In Russia, in order to store an individual's personal data, we must obtain his or her written consent and use encryption and other technical means to protect his or her personal data. We do not collect or perform any operations on our users' personal data, except when such collection or processing is in accordance with our terms of services and privacy policies which are available on our websites.

Subject to several exemptions, processors of personal data must notify the appropriate Russian authority. We do not believe that we are required to make this notification. However, due to the absence of established court practice and official guidelines on the application of the exemptions to notification, we cannot assure you that the regulator may not take a view that we nevertheless have to file a notification or comply with other requirements applicable to processors of personal data. If we are ultimately required to file such a notification or otherwise are determined to be subject to the rules regarding the collection and handling of personal data, we may be required to use special technical facilities and equipment and to adopt extensive internal compliance rules for the protection of personal data, which may adversely affect our ability to flexibly manage our business or make it more costly to do so.

Furthermore, we use cookies and other widespread technologies that assist us in improving the user experience and personalization of our products and services that ultimately benefit both our users and advertisers through behavioral targeting, which makes our advertising more relevant. There is no clarity as to whether our practices are compliant with the requirements of applicable data protection legislation in Russia and abroad, and such laws could be interpreted and applied in a manner that is not consistent with our current data protection practices.

Additionally, in Russia, "organizers of information distribution" are required to notify the relevant Russian authority about the commencement of their operations, and must retain a broad range of data relating to and generated by their users for a period of time, which must be provided to the authorities at their request. Our principal subsidiary operating in Russia has notified the relevant Russian authority that it acts as an organizer of information distribution with respect to some of the services it provides. Organizers of information distribution that use encryption when delivering or processing electronic messages have to provide the security authorities with information necessary for decoding the delivered or

processed messages. Compliance with these requirements may require significant expenditures by us, including additional data centers, servers and other infrastructure or software development. Data retention may also harm our reputation with users. If we fail to comply with the above requirements, the Russian authorities can block access to our services in Russia.

Under Russian law, companies are also required to store all personal data of Russian users in databases located inside Russia. Compliance with the requirements provided in this legislation may be practically difficult, require significant efforts and resources, could lead to legal liability in other jurisdictions and limit functionality of our services. Compliance with these requirements may also limit our ability to compete with other companies located in other jurisdictions that do not require mandatory local storage of personal data relating to their users. However, any non-compliance with this requirement could lead to legal liability and potentially to restriction of the availability of the service in Russia. For example, in 2016 a Russian court ordered the blocking of access to a popular social networking website for violation of data protection legislation.

Due to the nature of the services we offer and the fact that we have a presence in a number of countries, we may also be subject to data protection laws of other jurisdictions, especially laws regulating the cross-border transfer of personal data, which may require significant compliance efforts and could result in liability for violations in other jurisdictions. As our business grows we may also encounter increased pressure from foreign state authorities with respect to production of information related to users in circumvention of the international legal framework regulating the provision of such information. Any non-compliance with such requests may lead to liability and other adverse consequences.

Further, current law imposes restrictions on the distribution of satellite images of certain areas in Russia and the other countries in which we operate and imposes requirements with respect to the information provided by the traffic monitoring service we offer. If we were found to be in violation of any such restrictions, we may be forced to suspend such services or may potentially be subject to fines or other penalties.

***We may be subject to existing or new advertising legislation that could restrict the types and relevance of the ads we serve, which would result in a loss of advertisers and therefore a reduction in our revenues.***

Russian law prohibits the sale and advertising of certain products and heavily regulates advertising with respect to certain products and services. Ads for certain products and services, such as financial services, as well as ads aimed at minors and some others, must comply with specific rules and must in certain cases contain required disclaimers.

Further amendments to legislation regulating advertising may impact our ability to provide some of our services or limit the type of advertising we may offer. The application of these laws to parties, such as Yandex, that merely serve or distribute ads and do not market or sell the product or service, however, can be unclear. Pursuant to our terms of service, we require that our advertisers have all required licenses or authorizations. If our advertisers do not comply with these requirements, and these laws were to be interpreted to apply to us, or if our ad-serving system failed to include necessary disclaimers, we may be exposed to administrative fines or other sanctions, and may have to limit the types of advertisers we serve.

The regulatory framework in Russia governing the use of behavioral targeting in online advertising is unclear. If new legislation were to be adopted, or current legislation were to be interpreted, to restrict the use of behavioral targeting in online advertising, our ability to enhance the targeting of our advertising could be significantly limited, which could result in a loss of advertisers or a reduction in the relevance of the ads we serve, which would reduce the number of clicks on the ads and therefore our revenues.

***Our need to comply with applicable Russian laws and regulations could hamper our ability to offer services that compete effectively with those of our foreign competitors and may adversely affect our business, financial condition and results of operations.***

Many of our global competitors, such as Google and Microsoft, have their principal operations outside of Russia, putting them generally outside of the jurisdiction of Russian courts and government agencies, even though some of them have offices in Russia. Our systems and operations are located principally in Russia. Russian laws and regulations that are applicable to us, but not to our foreign competitors, may impede our ability to develop and offer services that compete effectively on a global scale as well as in Russia with those offered by our foreign-based competitors and generally available worldwide over the internet. Any inability on our part to offer services that are competitive with those offered by our foreign competitors may adversely affect our business, financial condition and results of operations.



***Russian authorities could determine that we hold a dominant position in one or more of our markets, and could impose limitations on our operational flexibility that may adversely affect our business, financial condition and results of operations.***

Russian anti-monopoly legislation imposes restrictions on companies that occupy a dominant position in a given market. We believe that the authorities have not to date focused on internet advertising in Russia to any significant extent, although we are aware of public statements by government officials suggesting that the authorities may analyze the business of online social networking. Were the Russian authorities to investigate the internet or online advertising industries, it is possible that they may conclude that, given our market share, we hold a dominant position in one or more of the markets in which we operate. Additionally, from time to time we receive information requests from Russian Federal Antimonopoly Service (FAS) related to certain of our services. If FAS deems that we hold a dominant position in one or more of the markets in which we operate this could result in limitations on our future acquisitions and a requirement that we pre-approve with the authorities any changes to our standard agreements with advertisers and Yandex ad network partners, as well as any specially negotiated agreements with business partners. In addition, if we were to decline to conclude a contract with a third party or terminate an existing agreement without sufficient substantiation this could, in certain circumstances, be regarded as abuse of a dominant market position.

Any abuse of a dominant market position could lead to administrative penalties and the imposition of fines of up to 15% of our prior year annual revenues in the relevant market. These limitations may reduce our operational and commercial flexibility and responsiveness, which may adversely affect our business, financial condition and results of operations.

***Businesses in countries where we operate have on occasion been subject to actions by public authorities that some have characterized as unpredictable or politically motivated.***

Many commercial laws and regulations in the markets where we operate are relatively new and have been subject to limited interpretation. As a result, their application can be unpredictable. In addition, government authorities have a tendency to follow a very formal approach in certain cases, are entrusted with a high degree of discretion and have at times exercised their discretion in ways that may be perceived as selective or unpredictable, and sometimes in a manner that is seen as being influenced by political or commercial considerations. Furthermore, significant uncertainty exists in the relevant markets in light of the broader geopolitical situation, which may result in the adoption or application of regulations based on political considerations.

For instance, in May 2017 Ukraine sanctioned two Yandex subsidiaries and prohibited usage of our services and websites by Ukrainian users. Yandex offices in Kiev and Odessa were subject to searches by the Ukrainian Security Service in connection with alleged breaches of law.

Although we believe that our commitment to content neutrality principles lessens the risk of politically motivated actions against us, we cannot guarantee that we will not be affected by politically motivated actions that could materially adversely affect our operations.

***Existing restrictions on foreign ownership may prevent a takeover of our company by a non-Russian party. If the Russian government were to apply existing limitations on foreign ownership to our business, or specifically impose limitations on foreign ownership of internet businesses in Russia, it could materially adversely affect our group and the value of our Class A shares.***

Russian law restricts foreign ownership of companies involved in certain strategically important activities in Russia. The relevant activities include activities connected with the use of encryption technologies that are subject to licensing. Currently, the internet and online advertising are not industries specifically covered by this legislation, but in the past there have been amendments under consideration by the Russian State Duma, which, if adopted, would include certain large internet companies within the scope of this law.

We believe that our Yandex.Money joint venture is subject to the above restrictions on foreign ownership because the Yandex.Money business currently holds an encryption license covered by the law. Since the completion of our joint venture in respect of Yandex.Money in July 2013 following the sale by Yandex to Sberbank of 75% (less one ruble) of the total participation interest in Yandex.Money, we believe that the applicable restrictions in respect of private non-Russian persons no longer apply to Yandex, but that the requirement to obtain prior approval from the Russian Government

continues to be applicable to non-Russian state or international organizations or entities controlled by a non-Russian state or international organization that would seek to acquire shares of Yandex or enter into an agreement that would establish direct or indirect control over Yandex and, therefore, trigger application of the law restricting foreign ownership. There is also a risk that some of the rights granted to Yandex N.V. under the joint venture agreement with Sberbank could be interpreted by Russian authorities as establishing control by Yandex over the Yandex.Money business, which would require the Russian Government's preliminary consent for a broader number of transactions, including by private non-Russian persons. Moreover, because Yandex holds 25% (plus one ruble) in Yandex.Money, there is a risk that a change of control in respect of Yandex would require preliminary consent of the Central Bank of Russia, as Yandex could be considered to indirectly hold more than 10% of the voting power of a non-banking credit organization.

Other aspects of our business may be subject to restrictions on foreign ownership through the interpretation of current legislation in the future or through future legislation and we may be forced to take significant steps to modify our operating or ownership structure which could have a material adverse effect on our operations or the value of our Class A shares.

***The Russian banking and financial systems remain less developed than those in some more developed markets, and a banking crisis could place liquidity constraints on our business and materially adversely affect our business, financial condition and results of operations.***

Russia's banking and other financial systems are less well-developed and regulated than those of some more developed markets, and Russian legislation relating to banks and bank accounts is subject to varying interpretations and inconsistent application. Russian banks generally do not meet international banking standards, and the transparency of the Russian banking sector lags behind international norms. In addition, the United States and European Union have imposed "sectoral" and related sanctions on named Russian banks in connection with developments in Ukraine. See "—Adoption and maintenance of embargo, economic or other sanctions, in particular with respect to the conflict in Ukraine, as well as similar measures against the countries in which we operate, may have a material adverse effect on our business, financial condition and results of operations."

As a result, the banking sector remains subject to periodic instability. Another banking crisis, or the bankruptcy or insolvency of banks through which we receive or with which we hold funds, may result in the loss of our deposits or adversely affect our ability to complete banking transactions in Russia, which could have a material adverse effect on our business, financial condition and results of operations.

***Some of our counterparties provide limited transparency in their operations, which could subject us to greater scrutiny and potential claims from government authorities.***

We do business with a number of companies, especially small companies that do not always operate in a fully transparent manner and that may engage in unpredictable or otherwise questionable practices with respect to tax obligations or compliance with other legal requirements. We have been approached by government authorities regarding potential tax claims or other compliance matters in connection with such transactions. For example, in 2016 we received a claim from the Russian tax authority in respect of one of our distribution agreements with a Russian software developer. We have both appealed the tax authority's claim and paid the claim in full.

As we are a larger and more transparent company with greater resources than such counterparties, governmental authorities may seek to collect taxes and/or penalties from us in relation to such transactions on the basis that we should have had knowledge of or aided such practices even when we did not.

***Changes in the tax systems of Russia and other countries in which we operate, as well as unpredictable or unforeseen application of existing rules, may materially adversely affect our business, financial condition and results of operations.***

Russian tax, currency, and customs laws and regulations are subject to varying interpretations and changes, which may be frequently revised and reviewed by the authorities. As a result, our interpretation of such tax legislation may be challenged by the relevant authorities. Russian tax legislation largely follows the OECD approach but may be implemented in a way which is not in line with international practice or our interpretation. Moreover, under the current conditions of weak economic growth and reduced tax revenue, the authorities are taking a more assertive position in their interpretation of the tax legislation and, as a result, it is possible that transactions and activities that have not been challenged in the past may now be questioned by the authorities. High-profile companies such as ours can be particularly vulnerable to such

assertive positions of the authorities.

Although we believe that our interpretation of relevant legislation is appropriate and is in accordance with existing court practice, if the authorities were successful in enforcing differing interpretations, our tax liability may be greater than the estimated amount that we have expensed to date and paid or accrued on our balance sheet.

Generally, Russian taxpayers are subject to inspection of their activities for a period of three calendar years immediately preceding the year in which an audit is carried out, with tax audits routinely undertaken at least every two years. A tax audit of our principal Russian subsidiary covering 2013 and 2014 was completed in 2016 and the resulting tax claims were fully accrued in our 2016 financial statements.

***Taxes payable on dividends from our Russian operating subsidiaries to our parent company might not benefit from relief under the Netherlands-Russia tax treaty.***

In 2017, our principal Russian operating subsidiary distributed limited dividends to our parent company (Yandex N.V.) and applied withholding tax at a 5% rate in reliance on the provisions of the Netherlands-Russia tax treaty.

Yandex is incorporated in the Netherlands and our principal operating subsidiaries are incorporated in Russia. Our management seeks to ensure that we conduct our affairs in such a manner that our parent company is regarded as the beneficial owner of all its incomes and not regarded as tax resident in any jurisdiction other than the Netherlands and, in particular, is not deemed to be a tax resident of, or to have a permanent establishment in, Russia. Thus, dividends paid from our Russian operating subsidiaries to our parent company should generally be subject to Russian withholding tax at a 5% rate. If our parent company were not treated as a Dutch resident for tax purposes or if it were deemed to have a permanent establishment in Russia, or if the Russian tax authorities were to determine that other conditions for the application of the 5% rate are not met because, for example, if Yandex N.V. is not deemed to be beneficial owner of the dividends received, dividends paid from our Russian operating subsidiaries to our parent company would be subject to Russian withholding tax at the rate of 15%.

Russian tax rules are characterized by significant ambiguities and limited interpretive guidance and are subject to change, and we can provide no assurance that dividend withholding tax relief may not be challenged by the Russian tax authorities based on the grounds mentioned above. Furthermore, Russian tax rules regarding residency and beneficial ownership which were recently introduced may change or their interpretation may evolve, thus triggering changes in taxation of dividends from our Russian subsidiaries to our parent company in the future.

Based on the current state of the law and available interpretations, we believe that Yandex and our material foreign subsidiaries should not be treated as controlled foreign corporations for Russian tax purposes. However, there are risks that any of these rules may be interpreted or applied in a manner that may have an adverse effect on our results of operations.

***We may be required to record a significant deferred tax liability if we are unable to reinvest our earnings in Russia.***

Our principal Russian operating subsidiary has significant accumulated earnings that have not been distributed to our Dutch parent company. Our current policy is to retain substantially all our earnings at the level of our principal subsidiary for investment in Russia.

We did not provide for dividend withholding taxes on the unremitted earnings of our non-Dutch subsidiaries for 2012 or earlier years because we considered them to be permanently reinvested outside of the Netherlands. As of December 31, 2017, we had an accrual of RUB 1,324 million (\$23.0 million) for dividend withholding tax. If circumstances change and we are unable to reinvest in that subsidiary's current operations or acquire suitable businesses in Russia, U.S. GAAP would require us to record a deferred tax liability representing the dividend withholding taxes that we would be required to pay if this subsidiary were to pay these unremitted accumulated earnings to our Dutch parent company as a dividend, even if such dividends were not actually declared and paid. As of December 31, 2017, the cumulative amount of unremitted earnings in respect of which dividend withholding taxes have not been provided is RUB 58,795 million (\$1,020.7 million). The applicable withholding tax rate is 5% and the amount of the unrecognized deferred tax liability related to these unremitted earnings was RUB 2,940 million (\$51.0 million) as of December 31, 2017. We expect the amount of unremitted earnings to grow as our principal Russian operating subsidiary continues to

generate net income. If we were required to record a deferred tax liability on an amount subsequently made available for distribution it may have a material adverse effect on our results of operations.

**Risks Related to Ownership of our Class A Shares**

*The price of our Class A shares has been and may continue to be volatile. Market fluctuations specific to Russia or developing markets or to high-growth technology companies generally may affect the performance of our Class A shares and could expose us to potential securities litigation, which could result in substantial costs and a diversion of our management's attention and resources.*

Macroeconomic and geopolitical events in Russia in recent periods have adversely affected the value of traded securities of companies with significant operations in Russia, including our Class A shares. In addition, the market for technology and other growth companies has generally experienced severe price and volume fluctuations that have often been disproportionate to the operating performance of those companies. These broad macroeconomic, geopolitical, market and industry factors may impact the market price of our Class A shares regardless of our actual operating performance.

The trading price of our Class A shares has been and may continue to be volatile and subject to wide fluctuations in price in response to various factors, some of which are beyond our control. These factors include:

- macroeconomic and geopolitical developments, including those specific to the internet and online advertising both in Russia and globally;
- quarterly variations in our results of operations or those of our competitors;
- the level of use of internet search engines to find information;
- fluctuations in our share of the internet search market;
- the proportion of our revenues generated on our websites relative to those generated through the Yandex ad network or through distribution partners, as a result of the revenue sharing arrangements we enter into and the overall volume of advertising we provide our partners;
- announcements of technological innovations or new services and media properties by us or our competitors;
- the amount of advertising purchased or market prices for online advertising;
- the emergence of new advertising channels in which we are unable to compete effectively;
- the volume of searches conducted, the amounts bid by advertisers or the number of advertisers that bid in our advertising system;
- changes in governmental regulations, in particular those applicable to regulation of online business in Russian and globally;
- disruption to our operations or those of our partners;
- our ability to develop and launch new and enhanced services on a timely basis;
- commencement of, or our involvement in, litigation;
- any major change in our directors or management;
- changes in earnings estimates or recommendations by securities analysts;

- our ability to compete effectively for users, advertisers, partner websites and content;
- the operating and stock price performance of other companies that investors may deem comparable to us;
- fluctuations in the exchange rate between currencies, including the Russian ruble and the U.S. dollar; or
- general global or Russian economic conditions and slow or negative growth or forecast growth of related markets.

Additionally, volatility or a lack of positive performance in the price of our Class A shares may adversely affect our ability to retain key employees, some of whom have been granted equity awards.

This volatility may affect the price at which holders of Class A shares may sell such shares and the sale of substantial amounts of our Class A shares could adversely affect our trading price.

In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

***The concentration of voting power with our principal shareholders, including our founders, directors and senior management, limits your ability to influence corporate matters, while a loss of voting control by our principal shareholders could affect the direction of our company.***

Our Class B shares have ten votes per share and our Class A shares have one vote per share. As of February 15, 2018, our founder, directors, senior management (and their affiliates) and principal non-institutional shareholders together own 93.69% of our outstanding Class B shares and 3.60% of our outstanding Class A shares, representing in the aggregate 55.57% of the voting power of our outstanding shares. In particular, our founder, Mr. Volozh, directly or indirectly controls 85.24% of our outstanding Class B shares and 0.14% of our outstanding class A shares representing in aggregate 49.23% of the voting power of our outstanding shares. For the foreseeable future, therefore, our founder, directors, senior management and their affiliates will have significant influence over the management and affairs of our company and over all matters requiring shareholder approval, including the election of directors, the amendment of our articles of association and significant corporate transactions, such as a sale of our company or its assets.

This concentrated control limits your ability to influence decisions on corporate matters. We may take actions that our public shareholders do not view as beneficial or as maximizing value for them. As a result, the market price of our Class A shares may be adversely affected.

At the same time, if our principal shareholders cease to have absolute voting control over Yandex N.V., as a result of conversions of Class B shares or the issuance of a substantial number of Class A shares, this may also present risks for our company and business. In such an event, it may be more difficult for us to obtain shareholder approval for matters that we believe are in the best interest of our business.

***Certain of our directors and shareholders and their affiliates may have interests that are different from, or in addition to, the interests of other Yandex shareholders.***

Some of our directors are affiliated with investment funds or financial institutions that have investments in other businesses or entities that currently or may in the future compete with us. These affiliations may require such directors to recuse themselves from consideration of certain transactions or may otherwise create real, potential or perceived conflicts of interest.

***Our Board of Directors and our priority shareholder have the right to approve accumulations of stakes in our company or the sale of our principal Russian operating subsidiary, which may prevent or delay change-of-control transactions.***

Our Board of Directors has the right, acting by simple majority, to approve the accumulation by a party, group of related parties or parties acting in concert of the legal or beneficial ownership of shares representing 25% or more, in

number or voting power, of our outstanding Class A and Class B shares (taken together). If our board grants its approval of such share accumulation, the matter is then submitted to the holder of our priority share, which has a further right of approval of such accumulation of shares. In addition, any decision by our Board of Directors to transfer all or substantially all of our assets to one or more third parties, including the sale of our principal Russian operating subsidiary, is subject to the prior approval of the priority shareholder.

Any holding, transfer or acquisition by a party, group of related parties or parties acting in concert of the legal or beneficial ownership of Class B shares representing 25% or more, in number or by voting power, of our outstanding Class A and Class B shares (taken together), without the prior approval of our Board of Directors, first, and then the priority shareholder, will be null and void. The acquisition of shares in excess of the thresholds permitted by our articles of association will be subject to certain notification requirements set forth in our articles of association. Failure to comply with those terms would render the transfer of such shares null and void. In addition, the holders of such shares would not be entitled to the dividend or voting rights attached to their excess shares. The rights of our Board of Directors and our priority shareholder to approve accumulations of stakes in our company may prevent or delay change-of-control transactions.

***Anti-takeover provisions in our articles of association and the shareholders agreement among our principal shareholders may prevent or delay change-of-control transactions.***

In addition to the rights of our board and of the priority shareholder to approve the accumulation of stakes of 25% or more, as described above, our multiple class share structure may discourage others from initiating any potential merger, takeover or other change-of-control transaction that our public shareholders may view as beneficial. Our articles of association also contain additional provisions that may have the effect of making a takeover of our company more difficult or less attractive, including:

- the staggered three-year terms of our directors, as a result of which only one-third of our directors are subject to election in any one year;
- a provision that our directors may only be removed by a two-thirds majority of votes cast representing at least 50% of our outstanding share capital;
- the authorization of a class of preference shares that may be issued by our Board of Directors in such a manner as to dilute the interest of any potential acquirer;
- requirements that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our Board of Directors;
- minimum shareholding thresholds, based on par value, for shareholders to call general meetings of our shareholders or to add items to the agenda for those meetings, which will be very difficult for Class A shareholders to meet given our multiple class share structure; and
- supermajority requirements for shareholder approval of certain significant corporate actions, including the legal merger or demerger of our company and the amendment of our articles of association.

The Dutch public offer rules, which impose substantive and procedural requirements in connection with the attempted takeover of a Dutch public company, only apply in the case of Dutch target companies that have shares listed on a regulated market within the European Union. We have not listed our shares, and do not expect to list our shares, on a regulated market within the European Union, and therefore these rules do not apply to any public offer for our Class A shares.

***We rely on NASDAQ Stock Market rules that permit us to comply with applicable Dutch corporate governance practices, rather than the corresponding domestic U.S. corporate governance practices, and therefore your rights as a shareholder differ from the rights you would have as a shareholder of a domestic U.S. issuer.***

As a foreign private issuer whose shares are listed on the NASDAQ Global Select Market, we are permitted in certain cases to follow Dutch corporate governance practices instead of the corresponding requirements of the NASDAQ

Marketplace Rules. We follow Dutch corporate governance practices with regard to the quorum requirements applicable to meetings of shareholders and the provision of proxy statements for general meetings of shareholders. In accordance with Dutch law and generally accepted business practices, our articles of association do not provide quorum requirements generally applicable to general meetings of shareholders. Although we do provide shareholders with an agenda and other relevant documents for the general meeting of shareholders, Dutch law does not have a regulatory regime for the solicitation of proxies and the solicitation of proxies is not a generally accepted business practice in the Netherlands. Accordingly, our shareholders may not be afforded the same protection as provided under NASDAQ's corporate governance rules.

***We do not comply with all the provisions of the Dutch Corporate Governance Code. This may affect your rights as a shareholder.***

As a Dutch company we are subject to the Dutch Corporate Governance Code, or DCGC. The DCGC contains both principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. The DCGC applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, including the NASDAQ Global Select Market. The principles and best practice provisions apply to the board (in relation to role and composition, conflicts of interest and independence requirements, board committees and remuneration), shareholders and the general meeting of shareholders (for example, regarding anti-takeover protection and obligations of the company to provide information to its shareholders) and financial reporting (such as external auditor and internal audit requirements). The DCGC requires that companies either "comply or explain" any noncompliance and, in light of our compliance with NASDAQ requirements and as permitted by the DCGC, we have elected not to comply with all of the provisions of the DCGC. This may affect your rights as a shareholder and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the DCGC.

***Because of the secondary listing of our Class A shares on the Moscow Stock Exchange, we are subject to additional disclosure and compliance requirements that may conflict with those imposed by the SEC and NASDAQ, and we may experience trade fluctuations based on arbitrage activities.***

In June 2014, we established a secondary listing of our Class A shares on the Moscow Stock Exchange. Pursuant to that listing, we and our insiders must comply with certain disclosure and other obligations that may differ in timing and substance from those applicable to our NASDAQ listing. In addition, many of the obligations imposed by the Moscow Stock Exchange are formalistic in nature, and that exchange has limited experience in the application of its requirements to companies incorporated outside Russia. As a result, we may not be able to comply with all formal obligations in a manner that is consistent with the requirements or interpretations of that exchange.

In addition, this secondary listing may create opportunities for trading arbitrage, particularly in connection with currency fluctuations between the trading in U.S. dollars on NASDAQ and in rubles on the Moscow Stock Exchange, which could impact the trading price of our Class A shares.

#### **Risks for U.S. Holders**

***We cannot assure you that we will not be classified as a passive foreign investment company for any taxable year, which may result in adverse U.S. federal income tax consequence to U.S. holders.***

Based on certain management estimates with respect to our gross income and the average value of our gross assets and on the nature of our business, we believe that we were not a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes for the 2017 tax year, and do not expect to be a PFIC in the foreseeable future. However, because our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets in such year, and because this is a factual determination made annually after the end of each taxable year and there are uncertainties in the application of the rules, there can be no assurance that we will not be considered a PFIC for the current taxable year or any future taxable year. In particular, the value of our assets may be determined in large part by reference to the market price of our Class A shares, which has fluctuated, and may continue to fluctuate, significantly. If we were to be treated as a PFIC for any taxable year during which a U.S. holder held our Class A shares, certain adverse U.S. federal income tax consequences could apply to the U.S. holder. See "Taxation—Taxation in the United States—Passive foreign investment company considerations."

*Any U.S. or other foreign judgments you may obtain against us may be difficult to enforce against us in Russia or the Netherlands.*

We have only very limited operations in the United States, most of our assets are located in Russia, our company is incorporated in the Netherlands, and most of our directors and senior management are located outside the United States. As a result, it may be difficult to serve process on us or these persons within the United States. Although arbitration awards are generally enforceable in Russia and the Netherlands, and Russian courts may elect to enforce foreign court judgments as a matter of international reciprocity and judicial comity, you should note that judgments obtained in the United States or in other foreign courts, including those with respect to U.S. federal securities law claims, may not be enforceable in Russia or the Netherlands. There is no mutual recognition treaty between the United States and the Russian Federation or the Netherlands, and no Russian federal law or Dutch law provides for the recognition and enforcement of foreign court judgments. Therefore, it may be difficult to enforce any U.S. or other foreign court judgment obtained against our company, any of our operating subsidiaries or any of our directors in Russia or the Netherlands.

*The rights and responsibilities of our shareholders are governed by Dutch law and differ in some important respects from the rights and responsibilities of shareholders under U.S. law.*

Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in the Netherlands. The responsibilities of members of our Board of Directors under Dutch law are different than under the laws of some U.S. jurisdictions. In the performance of its duties, our Board of Directors is required by Dutch law to consider the interests of Yandex, its shareholders, its employees and other stakeholders and not only those of our shareholders. Also, as a Dutch company, we are not required to solicit proxies or prepare proxy statements for general meetings of shareholders.

In addition, the rights of our shareholders are governed by Dutch law and our articles of association, and differ from the rights of shareholders under U.S. law. For example, Dutch law does not grant appraisal rights to a company's shareholders who wish to challenge the consideration to be paid upon a merger or consolidation of the company.

**Item 4. Information on the Company .**

*History and Development of the Company; Organizational Structure.*

Our founders began the development of our search technology in 1989, and launched the yandex.ru website in 1997. Our principal Russian operating subsidiary, Yandex LLC, was formed in 2000, as a wholly owned subsidiary of our former Cypriot parent company. In 2007, we undertook a corporate restructuring, as a result of which Yandex N.V. became the parent company of our group. Yandex N.V. is a Dutch public company with limited liability. Its registered office is at Schiphol Boulevard 165, 1118 BG, Schiphol, the Netherlands (tel: +31-20-206-6970). The executive offices of our principal operating subsidiary are located at 16, Leo Tolstoy Street, Moscow 119021, Russian Federation (tel. +7-495-739-7000).

For a discussion of our principal acquisitions and disposals in 2017, see "Operating and Financial Review and Prospects—Recent Acquisitions"

**Business Overview**

**Our Business**

Yandex is one of the largest internet companies in Europe, operating Russia's most popular search engine and its most visited website. Yandex's goal is to help consumers and businesses better navigate the online and offline worlds. Since 1997, Yandex has delivered world-class, geographically relevant search and locally tailored experiences on all digital platforms, based on innovative technologies. Additionally, we have developed market-leading on-demand transportation services, navigation products, and other mobile applications for millions of consumers across the globe.

Yandex is a technology company that builds intelligent products and services powered by machine learning. Our products and services are based on complex, unique technologies that are not easily replicated. Benefiting from Russia's long-standing educational focus on mathematics and engineering, we have drawn upon the considerable local talent pool to create a leading technology company.



We derive substantially all of our revenues from online advertising. We enable advertisers to deliver targeted, cost-effective ads that are relevant to our users' needs, interests and locations. We serve ads on our own search results and other Yandex webpages, as well as on thousands of third-party websites that make up our Yandex ad network. Through our ad network, we extend the audience reach of our advertisers and generate revenue for both our network partners and us. We offer a variety of ad formats to our advertisers, including performance-based, brand and video advertising formats across different platforms. Other revenue streams come from our e-commerce offerings, ride-sharing service, classifieds, and other initiatives, including music subscription and event tickets sales within our Media Services.

Our businesses are organized in the following operating segments:

- Search and Portal, which includes all our services offered in Russia, Belarus and Kazakhstan (and, for periods prior to the imposition of sanctions on Yandex by the government of Ukraine in May 2017, all our services offered in Ukraine), other than those described below;
- E-commerce (including the Yandex.Market service, which we expect to form a joint venture with Sberbank in 2018, when the deal is closed);
- Taxi (including the Yandex.Taxi service, which combined with Uber's ride-sharing business in Russia and neighboring countries in February 2018, as well as Yandex.EATs, our food delivery business, which consists of FoodFox, acquired in December 2017, and Uber.EATs business, which will be contributed as a result of the transaction with Uber);
- Classifieds (including Auto.ru, Yandex.Realty, Yandex.Jobs and Yandex.Travel); and
- Experimental businesses, including:
  - Media Services (including KinoPoisk, Yandex.Music, Yandex.Afisha and Yandex.TV Program);
  - Yandex Data Factory;
  - Discovery Services (including Yandex Zen and Yandex Launcher); and
  - Search and Portal in Turkey.

Our experimental businesses aim to create new business models. Once an experimental business becomes sizable enough, justifies a new business model, and has good prospects for future development, we may decide to break it out from our Experiments and create a separate segment. Unsuccessful experiments may be shut down or reabsorbed by one of our other segments. From January 1, 2018, we separated out Media Services from Experiments to form a new Media Services business unit and will now report its financial results separately.

#### **Search and Portal**

We offer a broad range of world-class, locally relevant search and information services that are free to our users and that enable them to find relevant information quickly and easily.

##### ***Yandex Search***

Our search engine offers almost instantaneous access to the vast range of information available online. We utilize linguistics, mathematics, machine learning and AI to develop proprietary algorithms that efficiently extract, compile, systematize and present relevant information to users. Our organic search results are ranked by computer algorithms based exclusively on relevance, and we clearly segregate organic results from paid results to avoid confusing our users.

Yandex Search generated 55.1% of all search traffic in Russia in 2017 and 56.4% in February 2018, according to Yandex.Radar, a search traffic and browser usage analytics tool based on Yandex.Metrica data. In 2017 our search share on desktop and mobile reached 65.3% and 41.7%, respectively. In February 2018 our search share averaged 67.5%

on desktop and 44.6% on mobile, respectively, with mobile search share of 46.1% on Android and 38.4% on iOS. The percentage of our total search traffic, generated from mobile devices averaged approximately 39% in Q4 2017 compared with 31% in Q4 2016, while the percentage of our search revenues generated from mobile devices increased to approximately 31% from approximately 25% in these periods.

#### ***Geolocation Services***

**Yandex.Maps.** Our Yandex.Maps provide high-quality, detailed maps of Russia and neighboring countries. We also provide a detailed map of Turkey and a map of the whole world. We offer our users panoramic views, public transportation routes, driving directions with voice controls and turn-by-turn navigation.

We use our technology and licenses to create and edit maps from raw data, including satellite images, GPS coordinates and live user feedback. Yandex.Maps is also available via application programming interfaces, or APIs, which allow developers to embed and use our interactive maps in third-party websites and applications, as well as to add extra layers of information—for example, to offer a map showing the location of a restaurant or a hotel.

We also offer **Yandex.Navigator**, our mobile application that provides turn-by-turn navigation, incorporates a voice input function, speed limit warnings, parking information, natural guidance features as reference points along a route, voice notifications for accidents, road works etc. It is one of Yandex's most popular mobile apps in terms of usage.

Navigator is also one of the essential components of **Yandex.Auto**, our voice-activated in-car infotainment system, which offers Yandex's best-in-class mapping and navigation, our music streaming, weather information and other services. We work with car manufacturers on equipping cars with Yandex.Auto. Yandex.Auto is already available in some models of Toyota and Honda on the Russian market.

The **Yandex.Transport** app provides users with real-time data on public transport in a number of Russian cities. It also operates in Helsinki and Tampere, Finland; Budapest, Hungary; Sydney and Brisbane, Australia; and Auckland, New Zealand.

**Yandex Business Directory** provides users with a comprehensive list of businesses, detailed information about them, as well as search option for services and goods.

In February 2018, we launched our **Yandex.Drive** car-sharing service which offers on-demand access to a fleet of 750 vehicles. Yandex.Drive usage is billed on a per minute basis and Yandex integrates traffic conditions and customer demand to provide dynamic pricing at the time of reservation. The price includes fuel, parking, and insurance.

Our map based apps allow offline businesses to place ads in native formats (adopted for different scenarios on the map). These formats target potential clients of those businesses while they are using Yandex.Maps and/or Navigator.

#### ***Personal Services***

**Yandex.Mail.** Yandex.Mail provides users with fast and easy access to their email.

**Yandex.Disk** is our cloud-based storage service that allows users to upload, store and share content online. Since late 2017 we have been providing unlimited storage space for the content uploaded through Yandex.Disk mobile app.

**Yandex.News** is the most visited online news aggregation service in Russia, providing a comprehensive media overview for our users. We aggregate and present local, national and international news. The selection of news is fully automated and editorial-free.

#### ***Yandex.Weather***

Our Yandex.Weather service offers hyperlocal, real-time weather information based on our proprietary weather forecasting technology, Meteum. Powered by machine learning, it gives accurate forecasts for areas as local as individual neighborhoods across the world.

***Yandex Browser***

Our Yandex Browser is the second most popular browser on desktops and the most popular non-native browser on mobile platforms in Russia. Yandex Browser is committed to delivering high-quality user experiences and protecting web audiences. Yandex Browser's built-in Antishock technology blocks malicious and fraudulent advertising and its "Protect" technology offers comprehensive protection against the majority of online threats. For example, Yandex Browser checks all downloaded files for viruses, warning users about dangerous websites, encrypting users' passwords when using public Wi-Fi networks, and ensuring safe payments. Recently, we have introduced native ad blocking in the Russian version of Yandex Browser to enhance users' browsing experience by filtering intrusive advertising.

The combined share of desktop and mobile searches processed through Yandex Browser in Russia reached 19.6% in February 2018, according to Yandex.Radar.

***Yandex Search App***

In 2017 we significantly upgraded our Yandex Search App by integrating Yandex's must-have services into one app, including Search, Maps, News, Zen, Weather and many others. In October 2017 we enhanced our Search App with Alice, the first conversational voice assistant on the Russian market. In 2017 our Search App was the fastest growing search app on the Russian market. In December 2017 it became the third most downloaded app in Google Play in Russia.

***Turbo pages***

We launched Turbo pages in mid-2017. Turbo pages is a new format of displaying content on mobile devices, which loads several times faster than regular web pages and are optimized for smaller screens. Our Turbo pages are easier to implement compared to other similar products globally and offer monetization from Yandex out of the box. Turbo pages are available on Search, Zen and News.

***Alice***

In October 2017, we launched Alice, the first conversational intelligent assistant for the Russian market. Alice assists users with a wide array of information needs, such as factoid questions, weather forecasts, directions and currency exchange rates. Alice is not limited to predefined scenarios and includes a general chit-chat mode – a unique feature among intelligent assistants that has been enthusiastically embraced by millions of users. It also benefits from the near-human level of speech recognition accuracy (based on the Word Error Rate measurement) provided by the Yandex SpeechKit platform. As of today, Alice integrates many Yandex services such as Search, News, Weather, Music, Maps, and Taxi, and also includes over a dozen games. The external skills platform for Alice is currently in beta, and includes such skills as ordering from Papa John's Pizza. Alice is available in Russian in the Yandex Search app and Yandex Browser on iOS and Android, as well as with Yandex Browser on Windows.

**Our Monetization and Advertiser Services**

We offer a variety of ad formats to our advertisers, including performance-based, brand and video advertising formats.

Performance-based ads are principally targeted to a particular user query on our search engine result pages, and on search result pages of our partners, as well as to the content of a particular website or webpage being viewed, or to user behavior or characteristics. Such ads are clearly marked as paid advertising and are separate from our organic search results and non-advertising content.

Most of our revenues are generated from performance-based advertising, on a pay-per-click basis, with a smaller portion generated from brand advertising and video advertising, based on the number of impressions delivered. We actively monitor the ads we serve, both automatically and manually, in order to help ensure the relevance of the ads as well as compliance with applicable laws.

#### ***Yandex.Direct***

**Yandex.Direct** is our auction-based advertising placement platform, which uses auction theory and relies on our distributed infrastructure to process millions of auctions every day. Yandex.Direct lets advertisers cost-effectively deliver relevant ads targeted at particular search queries or content on Yandex websites or third-party websites in the Yandex Advertising Network. Advertisers may use our automated tools, often with little or no assistance from us, to create performance-based ads, bid on keywords that are likely to trigger the display of their ads, and set total spending budgets. Yandex.Direct features an automated, online sign-up process that enables advertisers to create and quickly launch their advertising campaigns. Advertisers may also work with our sales staff to design and implement more specialized or sophisticated advertising campaigns. Recently we enhanced Yandex.Direct with an opportunity to place display ads right in the system. We also offer a Yandex.Direct mobile app to better facilitate advertisers' access to our service to manage their advertising campaigns.

Performance-based ads on our desktop search engine results page (SERP) appear in one of several general categories: top placement, appearing above the organic search results and featuring up to four paid links on desktop and up to three paid links on mobile; and a southern block, which appears either below the organic search results or the right-hand block located to the right of the organic search results, featuring up to nine paid links in total on desktop and up to one paid link on mobile. In late 2017 we started to test the concept of Templates – our new ad placement formats tailored to a search query of a particular user. Templates allow users to dynamically enrich an advertisement with additional elements, such as quick links, contact information, working hours, merchants' ratings, images and others. Subsequently we announced the change in our search engine results page layout. Instead of our typical ad placement blocks, paid links will be mixed with organic search links, while our algorithms will choose which format is more appropriate and efficient in each particular situation in order to provide a more personalized SERP. The advertisers will bid for the amount of traffic they want to purchase, instead of traditional bidding for a specific ad placement block. As previously, Yandex.Direct will continue to use a Vickrey-Clarke-Groves (VCG) auction to serve ads on our SERP.

#### ***Yandex Ad Network***

Our Yandex Advertising Network partners include search websites, for which we provide search capabilities, as well as contextual network partners, where we serve ads based on user behavior or characteristics or website content. Among our partners are some of the largest Russian websites, including Mail.ru, Rambler, Bing, Avito.ru, Gismeteo.ru and others.

We help third-party website owners monetize their content while extending the reach of our advertisers. Through the Yandex Advertising Network, our partners can deliver performance-based ads on their search results pages or websites. Our advertising algorithms use our proprietary MatrixNet technology, which optimizes the click-through rate on our network through improved click prediction. We screen applicants for the Yandex Advertising Network and favor websites with high-quality content and stable audiences to offer advertisers high quality traffic.

Yandex's video advertising network allows users to place full-screen videos, video ads on pages of websites and ads within the video content available on over 200 advertising platforms, including desktop and mobile websites, mobile and Smart TV applications. Yandex's technologies enable users to provide advertising to the targeted audience and receive the information about its efficiency.

#### ***Programmatic advertising***

We have developed a range of programmatic advertising products, which utilize real-time bidding, or RTB, technologies to provide effective solutions to our publisher and advertiser partners. Our RTB ad exchange connects our performance-based demand-side platform (DSP) Yandex.Direct, to our display-based DSP (called AWAPS) as well as to integrated third-party DSPs. Our RTB ad exchange leverages the wealth of targeting data generated by our own Data Management Platform, including Crypta, search and browsing history, etc. The RTB ad exchange is connected to many of our Yandex Advertising Network partners who have chosen to display ads from our RTB ad exchange as well as or in lieu of our regular Yandex.Direct ads. In addition, through the acquisition of ADFOX, we provide a supply-side platform to our publisher partners. ADFOX is able to mediate in real-time between programmatic brand ads from AWAPS, performance-based ads from Yandex.Direct, ads from integrated third party DSPs and the publisher's own direct sales.

#### **Mobile Advertising**

We offer our advertisers the ability to display ads on mobile versions of Yandex services, including Zen, our Advertising Network partner websites, and in mobile applications. Advertisers are able to set up their mobile bid as a coefficient of their desktop bid.

#### **Analytics tools**

Our web analytics system, **Yandex.Metrica**, has the largest coverage among web analytics platforms in Russia. It is also the second most popular web analytics system tool in the world offering advertisers and website owners tools such as machine-learning based bot traffic detection, referral spam filtering, raw logs export and unsampled data collection and reporting regardless of the traffic volume. It allows advertisers in near real-time to analyze the "post-click" behavior of users to evaluate the key efficiency parameters of their advertising campaigns — for example, to analyze the conversion rate, or the cost of attracting a visitor who performs the desired action. Based on these data, our advertising customers are able to choose the most efficient tools and settings for their advertising campaigns.

We also provide users with **AppMetrica**, a marketing platform for app install attribution, app analytics, and push campaigns, that allows to track all kinds of ad campaigns.

**Yandex.Radar** is our analytical tool, which provides advertisers, webmasters, analysts, and other internet marketing professionals with accurate statistics on the internet market in different countries. Yandex.Radar is based on Yandex.Metrica aggregated data and provides statistics on search market shares and browser usage, as well as traffic breakdown by operating system and device type.

#### **E-commerce**

Launched in 2000, **Yandex.Market** is one of the most popular services in Russia, providing product information, price comparisons and consumer generated reviews of products and online retailers. We aggregate price, product and availability information from thousands of active online and "brick and mortar" retailers, and currently feature approximately 150 million offerings in more than 2,500 product categories from approximately 21,000 domestic and international merchants.

Yandex.Market is priced on a cost-per-click (CPC) basis, similar to Yandex.Direct and also operates on a take-rate-based model. Starting from August 2017 we allow offline stores, which do not have their own websites, to place the products on Yandex.Market under a take-rate-based model.

In August 2017, Yandex and Sberbank of Russia announced that the companies intend to combine the technological capabilities of Yandex and the infrastructure and technologies of Sberbank to develop a leading e-commerce ecosystem. In December 2017, the two parties entered into a binding agreement to form a joint venture based on the Yandex.Market platform. Yandex.Market will engage in e-commerce, with a core focus on creating a B2C online retail marketplace. We expect the deal to close in the first half of 2018.

In addition, in October 2017, we started testing our fulfillment center operated by a third party partner to provide users with fully-fledged solutions and improve the purchasing experience.

#### **Taxi**

**Yandex.Taxi** is our ride-sharing service, established in 2011. The service benefits from our robust expertise in machine learning and our world-class navigation and mapping technologies, allowing us to increase efficiency and improve fleet utilization. From late 2016, we have been aggressively investing in geographical expansion. In 2017 Yandex.Taxi added 97 cities with 100,000+ population and 38 cities with population of 50,000+. As of December 2017, the service was available in 167 cities with 100,000+ population, and in 56 cities with population of 50,000+ across Russia, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan and Moldova.

We continue developing our ride-sharing service to provide the best user experience. Our forward dispatch technology allows us to better utilize the fleet, our smart pick-up points allow users to more efficiently allocate travel time and reduce fares, our upfront pricing, which provides fixed pricing for the trip, is also appreciated by users.

In July 2017 we entered into a landmark transaction between Yandex.Taxi and Uber to combine our ride-sharing businesses in Russia and neighboring countries. This transaction became a testament to the technological strength of Yandex. The potential synergy effects from Yandex's deep technological expertise and the global ride-sharing expertise of Uber will allow the combined company to become a regional leader on the ride-sharing market, offering better quality service to our riders, drivers and cities. As of December 2017, the combined company operated in 168 cities with 100,000+ population and in 56 cities with population of 50,000+ across Russia, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan and Moldova.

Having received all necessary regulatory approvals, Yandex.Taxi and Uber completed the combination of their ride-sharing businesses on February 7, 2018. Uber invested \$225 million and Yandex invested \$100 million in cash in the combined company, the combined business had more than \$400 million in cash on hand at closing, with a combined company valuation in excess of \$3.8 billion on a post money basis. The combined company is held approximately 59.3% by Yandex, 36.9% by Uber, and 3.8% by employees of the group on a fully diluted basis.

Tigran Khudaverdyan, ex-CEO of Yandex.Taxi, became the CEO of the combined business. The combined company supervisory board consists of four designees of Yandex and three designees of Uber.

After the closing of the transaction, consumers will be able to use both Yandex.Taxi and Uber apps while the driver-side apps will be integrated, leading to shorter passenger wait times, increased driver utilization rates, and higher service reliability.

In late December 2017, Yandex acquired FoodFox, a leading player in food delivery service. In the second quarter of 2018, as part of the transaction between Yandex.Taxi and Uber, UberEATs will also be contributed to the combined company. In 2018 FoodFox and UberEATs will operate under the Yandex.EATs brand. We believe that food delivery has clear synergy with our ride-sharing operations.

#### **Classifieds**

Yandex's Classifieds business unit includes Auto.ru, Yandex.Realty, Yandex.Jobs and Yandex.Travel.

**Auto.ru** is our classifieds platform for used and new cars, commercial vehicles and spare parts. Our goal is to provide our users with the means to find the exact car they are looking for. We care about the quality of the cars advertised on our platform. Auto.ru runs certification centers for used cars, which allow sellers to have their cars inspected along up to 300 parameters; in 2017 we had a total of 5 certification centers in Moscow and St. Petersburg. Moreover, in Q4 2017 we added to the listings free vehicle history that allows to check all the information on vehicle operation, road accidents received from the government databases and other. In May 2017, Auto.ru launched an aggregator of auto service centers, which allows users to choose an appropriate autoservice for an appointment among 65,000 auto service centers available in Russia. In addition, Auto.ru keeps developing spare parts classifieds, which were launched in 2016.

Auto.ru continues strengthening its position in the markets. According to the third party advertising agency, working with dealerships, in December 2017, Auto.ru generated 71% of all calls from auto classifieds to dealers in Moscow and 60% in St. Petersburg. We continue growing our market share in the regions. In addition to organic growth, in 2017 we strengthened our competitive position through acquisitions, closing a deal with Hearst Shkulev Media, the largest media company in the Urals, for 30 auto classifieds domains in the regions, and signing a deal with 24auto.ru, the leading auto classified in Krasnoyarsk region.

We monetize Auto.ru through advertising, value added services (VAS) and listing fees for dealers and individuals selling more than one car per month.

**Yandex.Realty** is our real estate classifieds platform for private individuals and realtors. The service provides listings for both the sale and rental of apartments, rooms, houses and vacation homes. In 2015 we added the option to place listings for apartments in newly-built or under-construction apartment complexes in several cities, including Moscow, St. Petersburg, Ekaterinburg and other cities.

**Yandex.Jobs**, our service for job seekers, was launched in 2010 and underwent a complete redesign in 2015, with the new version initially launched as a mobile app for Android and iOS. The focus of the new version is on blue

collar and service industry jobs. Job search is highly simplified and users can call the potential employer directly from the app. The service aggregates vacancies from a number of partners.

**Yandex.Travel** is our tour aggregator service. Starting from 2018, Yandex.Tarvel became a part of Search and Portal segment.

#### Experiments

Aside from our core business and our separate business units, we have a number of divisions that we currently consider to be experimental in nature. We believe that some of them have a good chance of transforming into separate business units in the future.

##### *Media Services*

Our Media Services provides our users with streaming audio, video and other entertainment data. Media Services includes our entertainment services – Yandex.Music, KinoPoisk, Yandex.Afisha and Yandex.TV Program – with the monthly audience over 50 million people. Combining Yandex’s recommendation technologies along with the professional content, Media Services offers its users various interesting entertainment options. We monetize Media Services through online advertising and transaction revenues, including music subscriptions and event tickets sales. Beginning with Q1 2018, we will report Media Services as a separate segment.

Media Services’s constituents:

- **Yandex.Music** is our music streaming service, offering users millions of tracks and facilitating new music discovery with its recommendation tools and Radio feature. Yandex.Music has a free web version and mobile app and is offered as both Yandex’s own service and as a white label product for mobile operators. According to AppAnnie, in 2017 Yandex.Music became the top non-game mobile app by revenue in Russia.
- **KinoPoisk** is the largest Russian language source for movies, TV series, celebrity content and entertainment news, providing users with critic and user reviews and ratings, personalized recommendations, local movie showtimes, ticketing, and many other services. KinoPoisk also features its own video platform, allowing users to watch movies online. Further expansion of our licenced content library and distribution of video platform is one of our strategic focuses .
- **Yandex.Afisha** (“playbill”) allows users to select entertainment from a wide variety of options. The service provides an opportunity to buy tickets to cinemas, theaters and concerts online. It incorporates personalized recommendations and is currently active in over 180 cities across Russia.
- **Yandex.TV Program** is a service providing users with an up to date schedule of broadcast, cable and digital TV channels as well as an option to view certain TV channels online.

##### *Yandex Data Factory*

Yandex Data Factory (YDF) is aimed at developing big data analytics solutions for companies in finance, retail, telecom, manufacturing, healthcare and other industries. Our YDF team consists of machine learning and data analytics experts who use data science to improve businesses’ operations, revenues and profitability.

##### *Discovery Products*

**Yandex Zen** is a personal recommendation service. Analyzing what a particular user reads on the internet, Zen selects news, videos, images, blog entries, and other internet postings that may be relevant to the user. The service uses Yandex’s global search index and AI technology. Yandex.Zen is available on Yandex Home Page and Yandex search app, in addition to Yandex Browser and Yandex Launcher. In September 2017, we launched a standalone Zen app on Android.

In May 2017, we allowed publishers to create and distribute content exclusively through Yandex.Zen so they can create their own channels with text, video and advertisements and run experiments with mobile formats directly. Also, we gave publishers an ability to monetize their channels through online advertising and through users' donations. To enable publishers to enrich their content and help increase user engagement, in October 2017 we launched a new publisher format available on mobile devices called "Narratives", which is a set of screens combining text, video, images and GIFs that can be swiped through.

In 2017 Zen generated more traffic to third party websites than any social network in Russia. In December 2017 Zen reached 10 million daily active users.

**Yandex Launcher** is our take on the Android interface, allowing users to adapt their Android phones to fit their style and fill it with interesting content from all over the internet.

***Search and Portal in Turkey***

Yandex is also available in Turkey, providing users in this country with Yandex's major products such as search, mail, maps, traffic, weather and browser. The main focus of our Turkish office is providing advertising services to local customers and promoting our core services, mainly search and geo-informational services, for Turkish users.

**Our Technology**

Yandex is a technology company that pioneered machine learning, artificial intelligence and neural networks early on. This expertise uniquely positions us in the global technology arena, allows us to innovate in our local markets and to continuously improve our products and services based on complex, unique technologies that are not easily replicated.

***Yandex distributed infrastructure***

We seek to ensure the speed and reliability of our services regardless of the user's location by operating our own Content Delivery Network (CDN) of points of presence in major cities throughout Russia and the other countries in which we operate. This network allows us to support reliable 24/7 operations, including server-based computations, research and development work, and user and advertiser services. We use proprietary computer architecture to link these clusters of servers, as well as proprietary computational software that operates across these distributed servers, including software that enables us to deploy and monitor software across our systems. This allows us to use relatively inexpensive off-the-shelf servers as the foundation of our robust and effective systems for redundant, distributed data storage, retrieval and distributed calculations. Geographic distribution of our servers decreases the cost of internet usage for our users, increases the access speed for our services and increases the stability and dependability of our service offerings. This structure provides redundant fail-safe capacity such that the failure of a single facility would not cause our websites to stop functioning.

**Advertisers**

Our advertisers include individuals and small, medium and large businesses throughout the countries in which we operate, as well as large multinationals. Small and medium-size enterprises purchase the bulk of our performance-based advertising. No particular advertiser accounted for more than 1.2% of our total revenues in 2015, 2016 or 2017.

**Sales and Advertiser Support**

We have an extensive sales and support infrastructure, with sales offices in a number of cities in Russia, as well as Lucerne, Switzerland; Newburyport, Massachusetts, USA; Istanbul, Turkey; Shanghai, China; and Almaty, Kazakhstan. We attract advertising customers through both online and offline sales channels.

The substantial majority of our advertisers use our automated Yandex.Direct service to establish accounts, create ads, target users and launch and manage their advertising campaigns. We provide email and telephone support for these customers. Our largest advertising clients are served by a dedicated sales team. These companies may request strategic support services, which include a dedicated accounts team, to help them set up and manage their campaigns.



Our sales team specialists are able to help advertisers with tasks such as selecting relevant keywords, creating effective ads and audience targeting, thus measuring and improving advertisers' return on investment.

The Yandex ad network follows a similar model. Most of the websites in the network submit their applications through Yandex.Direct's automated partner interface. Our direct sales force focuses on building relationships with our largest partners to help them get the most out of their relationship with us. We also have relationships with different advertising sales agencies placing online advertising.

#### Marketing

We engage in significant marketing efforts directed first and foremost at internet users, as well as advertising agencies, advertisers and webmasters. Our marketing efforts are focused above all on delivering an optimal user experience with every Yandex product and service. We believe that satisfied users are the best and most credible advocates for our services. In order to improve user satisfaction and loyalty and to continue to use our products and services as marketing tools, we constantly experiment with and improve the design, technology and interface of these products and services. Although we believe that word of mouth is the best advertising strategy, we also view advertising campaigns in online and traditional media as an important element of our efforts to promote our brand, as well as key services. We also invest heavily into our separate business units, including E-commerce, Taxi and Classifieds, to grow customer awareness, increase user base, increase usage in the existing markets and penetrate into other geographies.

#### Competition

We operate in a market characterized by rapid commercial and technological change, and we face significant competition in many aspects of our business. We currently operate principally in Russia, Belarus, Kazakhstan and Turkey. We face competition from global players such as Google and local players such as Mail.ru Group, both of which offer proprietary search and other services.

We consider Google to be our primary competitor. In addition to its search solutions, Google offers online advertising, information and other search services similar to ours, including services similar to Yandex.Direct and other. We expect that Google will continue to use its brand recognition, financial and engineering resources to compete with us. In 2013 we entered into a partnership with Mail.ru Group pursuant to which Mail.ru Group uses the Yandex.Direct advertising system to power paid search results on its properties. Mail.ru Group offers many communication services, including Russia's most popular webmail, social networking and messenger services. We compete with Mail.ru for advertising budgets that flow to Mail.ru's social networks.

The following table presents a comparison of Russian search market share, according to Yandex.Radar (a search traffic and browser usage analytics tool based on Yandex.Metrica data), based on search traffic generated:

	2015		2016		2017	
Yandex	57.3	%	56.0	%	53.1	%
Google	34.5	%	37.1	%	39.6	%
Mail.ru	5.0	%	4.1	%	3.4	%

We also face competition from the Russian and international websites of Microsoft and other established companies and start-ups that are developing search and online advertising technologies. We also compete with online advertising networks, such as Google and MyTarget, which direct online advertising on a number of popular Russian websites.

We believe that social networking sites, such as Facebook, Twitter, and Mail.ru Group's Vkontakte, Odnoklassniki and My World services, will become significant competitors for online ad budgets. These sites derive a growing portion of their revenues from online advertising, and are experimenting with innovative ways of monetizing user traffic. In light of their very large audiences and the significant amount of proprietary information they can access and analyze regarding their users' needs, interests and habits, we believe that they may be able to offer highly targeted advertising which could create increased competition for us. The popularity of such sites may also reflect a growing shift in the way in which people find information, get answers and buy products, which may result in increased competition for users.

In certain vertical areas, in particular those in which our business units operate, we compete with niche services, including e-commerce, video search, online news aggregators and dictionaries, real estate and automobile services, and specialized search apps for mobile devices. Our Yandex.Taxi service competes with Gett as well as a number of regional offline players across Russia. In addition, although Yandex.Taxi and Uber operate as a joint venture in Russia and neighboring countries, our Taxi business may also compete with Uber in jurisdictions outside the scope of our joint venture territory. Our e-commerce services face competition from a number of local players acting as both merchants and marketplaces, Avito, which acts as a marketplace for merchants and private individuals, Youla, and a number of international players popular with Russian users, especially those from China such as AliExpress. Our Classifieds services compete with Avito in most areas as well as a number of players present in specific industries such as CIAN in real estate and Drom.ru in automobile sales. Our food delivery business Yandex.EATs competes with Delivery Club, owned by Mail.ru.

We also face competition from other search and service providers in establishing relationships with device manufacturers, such as mobile and tablet computer makers, and access providers, such as internet service providers. Such companies have a significant degree of control over the distribution of products and services, including by offering or establishing exclusive arrangements for "default" search features or other services and bundling them with their offerings. Our users typically have direct relationships with these companies, and may be influenced by economic or other factors in deciding which search or other services to use.

#### **Science and Education**

Our team of specialists represents many scientific disciplines, including mathematics, data analysis, programming and linguistics. Besides working on products and technologies at Yandex, some of our experts teach, lecture and train students and young specialists.

We also run our own educational programs. The Yandex School of Data Analysis, offering free courses for university graduates and graduate students, has been running since 2007. The school trains specialists in data processing, data analysis and fact extraction in 5 Russian cities and in Minsk, Belarus. The school's graduates create a global alumni network advancing machine learning in academia and private IT sector. Yandex also has schools for project managers, user interface developers, designers and other specialists in IT.

In 2016 with the support of regional governments and ministries overseeing education and IT, we launched a project to teach programming to school children called Yandex.Lyceum which is now offered in 19 cities in Russia and 2 cities in Kazakhstan.

We value education and are glad to open new educational opportunities supported with our technologies. In June 2017, Yandex partnered with Prosveshcheniye, known as Russia's largest educational publisher, to develop a digital education platform for Russian schools. The pilot project was launched in schools in 5 regions.

In addition to educational services, Yandex and Coursera, the online education platform, launched several Specializations and Courses written by Yandex's employees for people who are eager to expand their knowledge in a certain field of IT.

In October 2017, we introduced a new service called Yandex.Atlas, which provides students and their parents with information about the pass rates of Russian universities in previous years. The project is aimed to help children and their parents with choosing an appropriate university in accordance with their requirements and opportunities.

Yandex and the Higher School of Economics run the Faculty of Computer Science for which we created an educational programme. We also partner with other leading research centers and universities, including the Moscow Institute of Physics and Technology, Saint Petersburg State University and the Belarusian State University. We sponsor a number of school contests in computer programming, mathematics and linguistics, and run a programming competition, Yandex.Algorithm, on annual basis challenging competitive coders and advance the machine learning community across the world.

Russia's largest technology conference, Yet Another Conference, which is organized by Yandex every year, gathers industry experts from all over the world. We also run scientific conferences on machine learning, as well as

seminars, lectures, workshops and master classes for those who wish to make or have already made a career in the technology industry.

#### **Employees and Workplace Culture**

We place a high value on technological innovation and compete aggressively for talent. We strive to hire the best computer scientists and engineers, as well as talented sales, marketing, financial and administrative staff. We seek to create a dynamic, fulfilling work environment with the best features of a “start-up” atmosphere, encouraging equal participation, creativity, the exchange of ideas and teamwork.

Our total headcount increased from 6,271 at December 31, 2016 to 7,445 at December 31, 2017. As of December 31, 2017, we had 4,290 employees related to the product development cost category, 2,716 employees related to sales, general and administration, and 439 employees related to cost of revenues.

#### **Intellectual Property**

We rely principally on a combination of trademark, copyright, related rights, patent and trade secret laws in Russia and other jurisdictions as well as confidentiality procedures and contractual provisions to protect our proprietary technology and our brand. We enter into confidentiality and patent assignment agreements with our employees and consultants and confidentiality agreements with other third parties, and we rigorously control access to our proprietary technology.

Our patent department is responsible for developing and implementing our group-wide IP protection strategy in selected jurisdictions. We have filed more than 600 patent applications to date, of which more than 200 have resulted in issued patents. We also have internal procedures for invention disclosures, patent filings, patent acquisitions, freedom-to-operate analyses and patentability searches.

Yandex is a registered well-known trademark in Russia for certain services (classes 35 and 38 under the International Classification of Goods and Services) among consumers of such services on the basis of intensive use. Under Russian law, the protection granted to well-known trademarks is extended to non-homogeneous goods and services if customers associate specific use of the designation by third parties with the rights holder and the rights holder’s legitimate interests are infringed. Yandex is also a registered trademark in Ukraine, the United States, the European Union and other countries under the Madrid Agreement and Protocol. We have other registered trademarks in Russia. We continue to file applications to register new trademarks and widen the country coverage of our existing trademarks. Most of the software used by our services or distributed by Yandex to our users is either developed by our employees or by independent contractors who transfer all rights to Yandex.

We enter into written license and use arrangements with providers of a significant portion of the content we offer. Our agreements with most of the news content providers in Russia are on “content-for-traffic” terms, pursuant to which we obtain access to news content for free in consideration of the user traffic that accesses the content providers’ websites through our search engine. We license or purchase other additional content. We do not knowingly include content on our websites that we do not have the legal right to include.

We do not own the content generated or posted by users on our websites. As with all websites that host user-generated content, we are potentially liable for any intellectual property infringement committed by the creator of that content. If we receive a complaint from a party that user-generated content on our websites infringes that party’s copyright or related rights, we examine the content in question. If we are unable to confirm the violation independently, we request a formal letter of complaint from the notifying party. We then contact the party that has posted the content, and give that person two options: either remove the content, or allow us to provide his or her personal details to the notifying party so that that party may defend its rights. In the event of any court decision in the matter, we comply with the decision. If the potentially offending party does not respond, we remove the content.

#### **Facilities**

Our principal operating subsidiary currently leases a total of approximately 60,000 square meters in a single location in central Moscow that serves as our group’s headquarters. We also lease additional office space of approximately 14,000 square meters of office space in a business center in central Moscow, which houses some of our

divisions. We or our operating subsidiaries also lease or own office space in a number of other cities in Russia. We also lease offices in Newburyport, Massachusetts; Istanbul, Turkey; Lucerne, Switzerland; Minsk, Belarus; Berlin, Germany; Schiphol, The Netherlands; Shanghai, China; Almaty, Kazakhstan, and other locations. We operate data centers in Moscow and other regions of Russia, as well as in Finland. We have points of presence in a number of cities in Russia and elsewhere. Taking into account the projected demand for our services, we continuously evaluate the capacity and locations of our data centers to determine the most cost-effective manner of delivering reliable services to our users.

#### **Government Regulation**

We are subject to an extensive and constantly evolving legal framework in Russia and other jurisdictions applicable to the internet business. As explained in more detail below, there are also a significant number of additional laws and regulations currently being debated and considered for adoption in Russia and other countries where we operate which, in the event of adoption, might require us to make substantial adjustments to our business practices. Due to changing interpretations of laws and regulations, we could also be subject to laws and regulations to which we are not currently subject and which could materially affect our operations. We have not summarized laws and regulations to which we do not believe we are currently subject.

#### **Advertising Regulation**

The principal Russian law governing advertising, including online advertising, is the Federal Law No. 38-FZ "On Advertising," dated March 13, 2006 (as amended) (the "Russian Advertising Law"). The Russian Advertising Law prohibits advertisements for certain regulated products and services without the required certification, licensing or approval. For example, advertisements for products such as pharmaceuticals and medical equipment, food supplements and infant food, financial instruments or securities and financial services as well as incentive sweepstakes and advertisements aimed at minors and some other products and services must comply with specific requirements and must in certain cases be accompanied by certain required disclaimers. Additionally, Russian law contains certain prohibitions regarding the advertising of alcohol, tobacco and medical services. In addition, the distribution of advertisements over the internet (for example, by email) may require the prior express consent of recipients. In some cases, violation of these Russian laws can lead to civil action by third parties who suffer damages, or administrative penalties imposed by FAS. Further amendments to legislation regulating advertising may impact our ability to provide some of our services or limit the type of advertising we may offer.

We seek to comply with all advertising laws and regulations. At the same time, the application of the advertising laws, in particular in relation to products or services requiring certification, licensing or approval, can be ambiguous and inconsistent. The application of these laws in an unanticipated manner, or the failure of our compliance efforts, may expose us to substantial liability as distributors of advertising and may restrict our ability to provide some of our services. Other laws or interpretations of laws, including those of foreign jurisdictions, may also restrict advertising and negatively impact our business. For example, some French courts have interpreted French trademark laws in ways that would limit the ability of competitors to advertise in connection with generic keywords. Adoption of similar interpretations by Russian or other national courts may adversely affect our business. In addition, Russian law does not specifically regulate behavioral targeting in relation to advertising, which is a standard tool widely used in the online business. Any future interpretation of Russian law affecting the regulation of behavioral targeting could have a negative impact on our business.

#### **Intellectual Property Regulation**

In principle, the acquisition, protection and enforcement of intellectual property rights in Russia are addressed in line with international standards. In particular, literary, artistic and scientific works are subject to copyright protection without any registration and enjoy legal protection simply by virtue of being created in an objective form perceivable by third parties.

Mandatory registration with Rospatent is required for "hard IP" such as trademarks and patents (available in Russia for inventions, utility models and industrial designs) in order for the rights holder to acquire exclusive rights. Trademarks registered abroad under the Madrid Agreement and/or Madrid Protocol have the same legal protection in Russia as locally registered trademarks.

Under Russian law, we have exclusive rights to trade secrets (know-how) only if we have complied with a legal requirement to introduce reasonable measures to maintain confidentiality of our trade secrets, which measures may be

burdensome and formalistic to implement. As we rely extensively in our operations on the protection afforded to trade secrets, we have implemented a set of measures required by Russian law in order to protect these trade secrets (know-how). However, there is a risk that our measures will be deemed insufficient and, as a result, we will fail to acquire rights to these trade secrets under Russian law.

One of the known problems and risks in Russian business practice relates to acquiring exclusive rights to works for hire and patentable results from employees. As a rule, the exclusive rights to works for hire and patentable results are assigned to the employer if the intellectual property is made during the course of employment. However, there are often uncertainties and disputes around the scope of such assignments. In case of employment disputes, Russian courts are often inclined to follow an overly formalistic approach and may take a pro-employee position in the event of uncertainty in a dispute of this nature.

Nonetheless, under Russian law, subject to the risks outlined above, we are deemed to have acquired copyrights and rights to file patent applications with respect to works for hire and patentable results created by our employees during the course of their employment with us and within the scope of their job duties, and have the exclusive rights to their further use and disposal subject to compliance with the requirements of the Civil Code of Russia.

#### ***Liability of Online Service Providers***

Laws relating to the liability of online service providers for the activities of their users and other third parties are still being developed in Russia and certain other countries in which we operate.

Russian law contains provisions aimed at establishing a framework for limitation of liability of online service providers for the information communicated by third parties over such providers' networks. Substantial ambiguity remains in Russian law around the scope and protection of such limitation of liability. In particular, there is little clarity on the limitation of liability with respect to types of online service providers other than providers transmitting information and hosting providers (such as those caching data or providing information location tools). Because the law has not been given detailed binding interpretation, our exposure to liability will depend significantly on the interpretation of these provisions by the courts and officials.

The Russian Civil Code also imposes strict liability for infringement of intellectual property rights if such infringement is committed in connection with business activities. It is unclear how these provisions apply to online service providers.

Russian law establishes a system for the blocking of websites on the internet that make available specific categories of illegal information related to child pornography, suicide or drug use as well as other restricted information. Current law also permits the blocking of websites for violation of data protection, copyright and related rights. The procedure for deleting such information is complex and strictly enforced and the failure to follow such procedures leads to the blocking of the applicable website by all Russian internet service providers and telecommunication service operators.

Other legislation is currently in place in Russia that allows blocking of websites that contain extremist information (including containing calls for mass rioting, extremist activity and participation in mass assemblies conducted in violation of established procedure) at the request of certain governmental authorities without prior notification. Only a subsequent post-blocking notification to the relevant website owner or hosting provider is required. The categories of illegal information to which access can be restricted may be interpreted broadly or be expanded by government authorities depending on circumstances. We may find ourselves subject to such blocking if government authorities interpret information provided by our services as violating these rules and we may be unable to prevent this blocking of our services.

Russian law also restricts the circulation of certain identified categories of publicly available and distributed information that may be harmful for minors. In particular, there is a requirement to take administrative and technical measures to prevent dissemination of restricted information. In addition, the circulation of information products must be accompanied by a relevant mark identifying the age restriction category of information.

This legislation, as well as any similar additional regulations, and the interpretation of such legislation and regulations may impose new requirements on us and our operations and lead to material legal liability, which can be difficult to foresee or limit. See “Risk Factors—We may be held liable for information or content displayed on, retrieved by or linked to on our websites and mobile applications, or distributed by our users; or we may be required to block certain content or access to our websites could be restricted; any of which could harm our reputation and business.”

***Laws and Regulations Applicable to Yandex.Money***

Our Yandex.Money joint venture with Sberbank is subject to laws and regulations specifically applicable to electronic payments and encrypted information. Under the regulations governing electronic payment systems, payments with digital money fall into the sphere of banking activities and such payments are regarded as a special transaction entered into without the need to open an account. Such transactions, however, have to be performed by a credit organization supervised by the Central Bank of Russia. To comply with this law, our Yandex.Money joint venture established a non-banking credit organization subsidiary, which obtained the required license from the Central Bank of Russia. All necessary contractual obligations of PS Yandex.Money LLC have been transferred to its non-banking credit organization subsidiary.

Under Russian law, a variety of activities related to encryption require a special permit (license) granted by the Federal Security Service (the “FSS”) subject to the applicant’s continued compliance with a number of licensing requirements, including the requirement to use only certified encryption means and equipment and to ensure timely extension of such certification when its terms expire.

Our Yandex.Money joint venture with Sberbank uses encryption algorithms for the protection of transfers performed by its customers and may be required to obtain additional licenses for their use. The requirements for the grant and maintenance of licenses for the use of encryption algorithms are very broad and unclear, leaving the regulator with much discretion in applying and enforcing the applicable laws. See also “Risk Factors—Because the range of the services we provide is increasing and the legal framework governing internet services and e-commerce in our markets is evolving, we may be required to obtain additional licenses, permits or registrations or comply with other requirements, which may be costly or may limit our flexibility to run our business.”

As a holder of an encryption license, Yandex.Money is subject to Russia’s Strategic Companies Law which restricts the acquisition of voting shares or participation interests and establishment of control by foreign legal entities and individuals, as well as states, international organizations and entities controlled by them, with respect to business entities with strategic importance. According to the amendments to this law and to the Foreign Investment Law that came into force in July 2017, Russian citizens who also have any other citizenship as well as Russian companies that are controlled by foreign investors are now also considered to be foreign investors. In addition, the Chairman of the Government Commission on Control over Foreign Investments in the Russian Federation is now granted the right to decide that approval is required with respect to any transaction by any foreign investor with regard to any Russian company for the purpose of ensuring national defense and state security. Upon receipt of such a decision from the Government Commission, FAS has three days to notify the foreign investor about the need to receive approval for a prospective transaction. Furthermore, the Government Commission may now impose additional obligations on foreign investors outside of the limited list provided in Article 12 of the Strategic Investments Law as a condition of a transaction approval.

While we are currently in compliance with the Strategic Companies Law, the Strategic Companies Law may prevent our Yandex.Money joint venture from pursuing strategic transactions which could further grow the Yandex.Money business.

***Mass Media Regulation***

Russian law requires certain parties that disseminate news and similar mass communications and information to be registered with the appropriate Russian governmental body, Roscomnadzor, and to comply with restrictions regarding the distributed content. The law currently permits electronic network publications (websites) to register as mass media. As registration under this amendment is voluntary, we elected not to register our online properties as mass media. See “Risk Factors—Because the range of the services we provide is increasing and the legal framework governing internet services and e-commerce in our markets is evolving, we may be required to obtain additional licenses, permits or registrations or comply with other requirements, which may be costly or may limit our flexibility to run our business.”

Since 2016, Russian law imposes a limit on non-Russian ownership and control, direct or indirect, of Russian

mass media of no more than 20%. Accordingly, if our core business were to be required to register as a mass media, it would have a material impact on the ownership structure of our business and could materially adversely affect the value of our Class A shares. See also “Risk Factors—Existing restrictions on foreign ownership may prevent a takeover of our company by a non-Russian party. If the Russian government were to apply existing limitations on foreign ownership to our business, or specifically impose limitations on foreign ownership of internet businesses in Russia, it could materially adversely affect our group and the value of our Class A shares.”

***Privacy and Personal Data Protection Regulation***

We are subject to Russian and foreign laws regarding privacy and the protection of our users’ personal data. We publish on our websites our privacy policies and practices concerning the use, processing, storage and disclosure of user data. Any failure by us to comply with our privacy policies as well as Russian or other applicable laws and regulations relating to privacy and the protection of user data may result in proceedings against us by governmental authorities, individuals or other third parties, which may adversely impact our business. In addition, the adoption and interpretation of data protection laws, and their application to internet operations, are often unclear, difficult to predict and are in a constant state of development. Although we believe that we comply with all current requirements, these laws could in the future be interpreted and applied in a manner that is inconsistent with current practice. For instance, in May 2014 the Court of Justice of the European Union established that an operator of a search engine can be obligated to remove from the list of search results links to webpages containing inaccurate or outdated information related to an individual. Russian personal data laws have been amended, granting a similar right to Russian citizens, who from January 2016 have been able to apply for the removal of search results that link to inaccurate or irrelevant information about them. In addition, in May, 2018 the General Data Protection Regulation (the GDPR) comes into force in the EU and its provisions may contradict national data privacy regulations in some countries where we operate. In those cases we will have to compare the liability under the GDPR and national laws to decide, with which regulation to comply.

Russian data protection laws provide that an individual must freely consent to the production of her/his personal data. Such consent must be concrete, informed and conscious, and may be provided in any form evidencing the fact that consent has been provided, unless otherwise established by federal law, which requires that it be made in writing, signed by digital electronic signature or evidenced in a similar manner prescribed by laws and regulations.

We, like our peers, seek this consent from our users by asking them to click on a button or select a check-box in appropriate circumstances prior to commencement of the account registration process indicating the user’s consent to our collection, use, storage and processing of personal data. Furthermore, most of our services do not require the creation of an account prior to their use and we collect only limited information in these circumstances. In particular, we place cookies and use other widespread technologies that assist us in improving user experience of our products and services and ultimately benefit both our users and advertisers to the extent that we use a certain part of this collected information for behavioral targeting of advertising. No clear legislative guidelines have been provided addressing whether our practices are compliant with the requirements of the data protection legislation in Russia and abroad. There is a risk that such laws may be interpreted and applied in a manner that is not consistent with our current data protection practices. Complying with various regulations in this area may cause us to incur additional costs or to change our business practices. Further, any failure by us to protect our users’ privacy and data may result in a decrease of user confidence in our services, and may ultimately result in a loss of users, which would adversely affect our business.

Russian legislation also regulates “organizers of information distribution”. Organizers of information distribution must retain a broad range of data relating to and generated by users for a period of time, and provide such data to security and investigation authorities at their request. Organizers of information distribution that use encryption when delivering or processing electronic messages have to provide the security authorities with information necessary for decoding the delivered or processed messages. If an organizer of information distribution fails to comply with the above requirements, the Russian authorities can prescribe the blocking of access to the services of such organizer of information distribution.

Russian personal data law also requires that companies store all personal data of Russian users only in databases located inside Russia. Although we have data centers located in Russia, this law could limit our flexibility in managing our operations globally. Failure to comply with applicable data protection legislation may lead to the restriction of access to our services. For example, in 2016 a Russian court ordered the blocking of access to a popular social networking website for violation of data protection legislation.

***Licenses for the Provision of Communication Services***

Entities that provide certain telecommunication services for a fee are required under Russian law to obtain a “telematics” license from Roscomnadzor. In order to increase our range of services and diversify our business we obtained the telematics licenses necessary for the provision of certain of our new services in Russia. However, we generally do not charge a fee for the online services we provide to our users and therefore, believe that we are not required to hold a telematics license for provision of these services. We do, however, generate revenue from ads directed to our users. As a result, it is possible that a Russian court or government agency may construe our advertising revenue as a fee and determine that we are required to hold a telematics license for such services, which would require us to apply for and comply with the terms of any such license.

Additionally, we may in the future offer user services for a fee, which could require us to comply with the licensing requirements described above.

#### ***Antimonopoly Regulation***

Russian law grants to FAS as the antimonopoly regulator wide powers and authorities to maintain competition in the market, including approval or monitoring of mergers and acquisitions, establishment of rules of conduct for market players occupying dominant positions, prosecution of any wrongful abuse of a dominant position, and the prevention of cartels and other anti-competitive agreements or practices. The regulator may impose significant administrative fines (up to 15% of the annual revenue derived in the market where the violation occurred) on market players that abuse their dominant position or otherwise restrict competition, and is entitled to challenge contracts, agreements or transactions that are in violation of the antimonopoly regulation. We may be considered to possess a substantial market share in the online advertising market; however, we are not recognized by the regulator as occupying a dominant position in any market. However, we understand that the regulator from time to time focuses on internet services and could in the future recognize online advertising as a separate market, and could identify dominant players and impose conduct limitations and other restrictions.

In addition, FAS is currently developing the “fifth antimonopoly package” – the amendments to the existing antimonopoly legislation in the sphere of digital markets and IP. The new legislation may have a far-reaching impact on our business, which is difficult to estimate at present time.

#### ***Taxation Regulation***

Taxation of legal entities and individuals in Russia is regulated primarily by the Tax Code of the Russian Federation. The scope and application of the Tax Code is elaborated by numerous regulations and clarifications from the Ministry of Finance of Russia and by the Federal Tax Service, which enforces the tax laws. Russian tax law and procedures are still not fully developed and local divisions of the Federal Tax Service have considerable autonomy in tax law interpretation and often interpret tax rules inconsistently. Also, there is extensive court practice on the construction of the Code’s provisions, which can sometimes be unpredictable or even contradictory. Both the substantive provisions of the Russian tax law and the interpretation and application of those provisions by the Russian tax authorities and by Russian courts may be subject to rapid and unpredictable change. See “Risk Factors—Changes in the tax systems of Russia and other countries in which we operate, as well as unpredictable or unforeseen application of existing rules, may materially adversely affect our business, financial condition and results of operations.” In addition, there is an uncertainty regarding the taxation of our service Yandex.Music. The business activity of this service can be either determined as providing services (which falls under VAT taxation) or licensing (which is exempted from VAT taxation).

#### ***Securities Regulation***

Our Class A ordinary shares are currently listed on the NASDAQ Global Select Market and in June 2014 were admitted to trading on Moscow Exchange; therefore we are required to comply with specific Russian regulation concerning information disclosure, insider trading and certain other requirements as may be applied to foreign issuers in Russia.

#### ***Applicability of Other Regulations***

Because our services are accessible to Russian-language speakers worldwide and are becoming increasingly available to other users globally, certain foreign jurisdictions, including those in which we have not established a local office, employees or infrastructure, may require us to comply with their local laws.



**Item 4A. Unresolved Staff Comments .**

None.

**Item 5. Operating and Financial Review and Prospects .**

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the "Selected Consolidated Financial Information" section of this Annual Report and our consolidated financial statements and related notes appearing elsewhere in this Annual Report. In addition to historical information, this discussion contains forward-looking statements based on our current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the "Risk Factors" and "Forward-Looking Statements" sections and elsewhere in this Annual Report.*

**Overview**

We are one of the largest European internet companies and the leading search provider in Russia. Our principal constituencies are:

- *Users.* We provide our users with advanced search capabilities and an extensive range of online services that enable them to find relevant, objective information quickly and easily, as well as communicate, connect and shop over the internet.
- *Advertisers.* Our online advertising platform allows advertisers to reach a large audience of users in their markets and deliver cost-effective online 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. Our Yandex.Market service allows merchants to advertise their goods and services either using a traditional CPC advertising model or using a CPA model that charges advertisers only when it delivers a paying customer.
- *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.

Advertising revenues accounted for 97.4%, 95.6% and 93.0% of our total revenues in 2015, 2016 and 2017, respectively. Our advertising revenues consist of fees charged to advertisers for serving online ads on our websites and those of our partners in the Yandex ad network. We place the significant majority of our performance-based ads through Yandex.Direct and the remainder through Yandex.Market, our e-commerce gateway service. We sell approximately half of our performance-based ads on a prepaid basis. Our Yandex.Direct advertisers 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 brand advertising is generally sold on a cost-per-thousand (CPM) impressions basis. For these ads, we recognize as revenue the fees charged to advertisers when their ads are displayed. Our Yandex.Market service is priced on a CPC basis, similar to Yandex.Direct. Yandex.Market also operates on a take-rate-based model. In September 2016 we started to actively switch certain goods' categories in several regions to the take-rate-based model as we consider it beneficial to both merchants and consumers.

We recognize our advertising revenues net of value added tax (currently 18.0% in Russia) and sales commissions and bonuses. 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 and bonuses paid to these agencies.

We benefit from a large and diverse base of advertisers. 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 individual advertiser accounted for more than 1.2% of our total revenues in 2015, 2016 or 2017. On a geographical basis, we generated more than 91% of our total revenues in each of 2015, 2016 and 2017 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 performance-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 performance-based ads or, for those advertisers paying for brand ads on a CPM 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 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. In 2015, 2016 and 2017, none of our ad network partners accounted for more than 10% of our total revenues. In 2017, Mail.ru Group continued to be our most significant ad network partner.

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 absolute and relative level of 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, including on mobile devices, 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;
- 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; and
- our ability to effectively monetize mobile search where the number of search queries is growing more quickly than on desktops.

## Segments

Starting 2015, we revised our organizational structure, separating several focus areas into product lines and geographies. As a result, our businesses are now organized in the following operating segments:

- Search and Portal, which includes all services offered in Russia, Belarus and Kazakhstan (and, for periods prior to the imposition of sanctions on Yandex by the government of Ukraine in May 2017, all our services offered in Ukraine), other than those described below;
- E-commerce (including the Yandex.Market service);
- Taxi (including the Yandex.Taxi service, as well as Yandex.EATs, our food delivery business, which consists of FoodFox, acquired in December 2017);
- Classifieds (including Auto.ru, Yandex.Realty, Yandex.Jobs and Yandex.Travel); and
- Experimental businesses, where we aim to prove new business models. These include:
  - Media Services (including KinoPoisk, Yandex.Music, Yandex.Afisha and Yandex.TV program);
  - Yandex Data Factory;
  - Discovery Services (including Yandex Zen and Yandex Launcher); and
  - Search and Portal in Turkey.

## Key Trends Impacting Our Results of Operations

Although the Russian economy stabilized to some extent in 2017, our results of operations have been impacted in recent periods by the macroeconomic environment in Russia, which has negatively affected our rate of revenue growth and our operating margins. The depreciation of the Russian ruble in 2015 increased the ruble amount of our U.S. dollar-denominated expenses, including the rent on our Moscow headquarters and the acquisition of servers and networking equipment, and has generally increased the rate of inflation in Russia. In addition to the impact of the current macroeconomic environment, the trends described below are key drivers of our results of operations.

Our business and revenues have grown rapidly since inception, and the effectiveness of performance-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, particularly on mobile devices, 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. The percentage of our advertising revenues derived from the Yandex ad network increased from 26.0% in 2015 to 27.1% in 2016 and decreased to 25.5% in 2017. We currently expect that the portion of our advertising revenues derived from the Yandex ad network will remain roughly flat in 2018. 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 devices, including smartphones and tablets is growing more quickly than desktop queries. Queries from mobile devices still, however, represented only 36.2% of our total search queries and 29.0% of our search revenues for

the year ended December 31, 2017. 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 revenues and operating margins in the future.

Recent and future capital expenditures may also put pressure on our operating margins. Our capital expenditures decreased from RUB 13,045 million in 2015 to RUB 9,625 million in 2016, and increased to RUB 12,389 million in 2017. We spent approximately 81% of our total capital expenditures in 2017 on servers and data center expansion to support growth in our current operations. Our depreciation and amortization expense slightly decreased as a percentage of revenues from 13.0% in 2015 to 12.7% in 2016, and continued decreasing to 11.9% in 2017. We currently expect our capital expenditures in 2018 to be in mid-teens as a percentage of revenues. However, in case we consider any new project, which may require additional capital expenditures, our capital expenditures may increase as a percentage of our revenues in 2018.

To support further brand enhancement and respond to competitive pressures, we spent larger amounts in 2016 and 2017 on advertising and marketing than we have spent historically, both in absolute terms and as a percentage of revenue. A significant portion of our advertising and marketing expense in 2016 and 2017 relates to our efforts to promote primarily our Yandex.Taxi and our Search services, and to support our brand in Russia and the other markets in which we operate. In 2017 Yandex.Taxi added 97 cities with 100,000+ population and 38 cities with population of 50,000+. As of December 2017, the service was available in 167 cities with 100,000+ population, and in 56 cities with population of 50,000+ across Russia, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan and Moldova. Previously Yandex.Taxi reported that the service was operating in 46 cities across Russia, Georgia, Armenia, Kazakhstan, Belarus and Ukraine as of December 31, 2016, which primarily reflected the number of cities, where the number of rides exceeded 1,000 rides a week. We expect to continue to invest significantly in advertising and marketing. We currently expect our overall advertising and marketing costs in 2018 to remain roughly stable as a percentage of revenues in comparison to 2017 due to continuing investment to promote our services. This spending will not significantly impact our operating margin rate. However, we expect our operating margin to decrease as a percentage of revenues in the near term as a result of increasing share of business units as a percentage of total revenues, operating margins of which are lower compared with our core business.

In Turkey we provide users in this country with Yandex's major products such as search, mail, maps, traffic, weather and browser. The main focus of our Turkish office is providing advertising services to local customers and promoting our core services, mainly search and geo informational services.

Our revenues are impacted by seasonal fluctuations in internet usage and in advertising expenditures. Internet usage and advertising expenditures generally slow down during the months 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 12.9% and 5.4% in 2015 and 2016, respectively, and by 2.5% in 2017. The lower annual rate of inflation in 2016 and 2017 reflected the appreciation of the Russian ruble. We can provide no assurance that the annual rate of inflation will not increase significantly in 2018. Higher rates of inflation may accelerate increases in our operating expenses and capital expenditures 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 "Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Exchange Risk."

#### **Recent Acquisitions**

##### *RosTaxi*

In January 2015, we bought the assets and assumed the liabilities of the RosTaxi ("RosTaxi") business, which operates a taxi fleet management application. The agreement provides for cash consideration of up to RUB 500 million, including a deferred payment of up to RUB 380 million, subject to successful technical integration and client base

transition, and contingent consideration of up to RUB 500 million payable in our ordinary shares on the third anniversary of the closing, depending on the number of qualifying taxi trips. During 2015, 2016, 2017 and in January 2018 deferred payments in the amount of RUB 50, RUB 65, RUB 195 and RUB 70 million, respectively, were paid. Contingent consideration depending on the number of qualifying taxi trips has been settled in full in February, 2018.

*Agnitum*

In December 2015, we completed the acquisition of assets and assumption of liabilities of Agnitum Ltd ("Agnitum"), an antivirus protection developer, for cash consideration of RUB 120 million and a deferred payment of up to RUB 80 million including additional payments subject to the attainment of certain implementation and integration milestones of up to RUB 60 million payable in cash and up to RUB 20 million to be granted in restricted share units. A deferred payment in the amount of RUB 60 million was paid in cash in 2016.

We did not complete any business combinations in 2016.

*Shkulev*

In June 2017, we completed the acquisition of assets and assumption of liabilities of Hearst Shkulev Digital LLC ("Shkulev"), one of the biggest regional auto classifieds with the leading position in Sverdlovsk and Chelyabinsk regions of the Russian Federation, for a cash consideration of RUB 401 million, including a contingent consideration of RUB 52 million, subject to successful technical integration and client base transition.

*FoodFox*

In December 2017, we completed the acquisition of a 100% ownership interest in Deloam Management Limited and its subsidiary ("FoodFox"). Foodfox is one of the leading food delivery operators in Moscow. The primary purpose of the acquisition of FoodFox was to enlarge the range of services provided by us. The fair value of consideration transferred totaled RUB 595 million and consisted of cash consideration of RUB 541 million and deferred consideration of RUB 54 million. The deferred consideration arrangement requires the Company to pay the additional cash consideration to FoodFox's former shareholders and convertible debt holders, when certain legal conditions are being met within one-year period.

*Other Acquisition in 2017*

During the year ended December 31, 2017, we completed another acquisition for total consideration of approximately RUB 66 million.

*Transaction with Uber*

In February 2018, we and Uber International C.V. have completed the merger of Yandex.Taxi Holding B.V. and its subsidiaries and several Uber legal entities into a new private limited liability company MLU B.V., incorporated under the laws of the Netherlands. We and Uber have each contributed legal entities related to ride-sharing and food delivery businesses in Russia, Kazakhstan, Azerbaijan, Armenia, Belarus, Georgia, Kyrgyzstan and Moldova, and \$100.0 million (RUB 5,722 million as of the date of acquisition) and \$225.0 million (RUB million 12,874 as of the date of acquisition) in cash, respectively.

A further description of the acquisitions and their accounting implications can be found in Notes 4 and 18 of our audited consolidated financial statements included elsewhere in this Annual Report.

**Results of Operations**

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

	Year ended December 31,		
	2015	2016	2017
	100.0 %	100.0 %	100.0 %
Revenues			
Operating costs and expenses:			
Cost of revenues	28.1	26.0	25.5
Product development	22.5	20.8	19.9
Sales, general and administrative	19.4	23.6	28.8
Depreciation and amortization	13.0	12.7	11.9
Goodwill impairment	1.0	0.0	0.0
Total operating costs and expenses	84.0	83.1	86.1
Income from operations	16.0	16.9	13.9
Interest income	5.1	3.8	3.1
Interest expense	(2.2)	(1.6)	(1.0)
Other income/(loss), net	3.8	(4.5)	(1.6)
Income before income taxes	22.7	14.6	14.4
Provision for income taxes	6.5	5.7	5.2
Net income	16.2 %	8.9 %	9.2 %

Our consolidated operating margin slightly increased from 16.0% in 2015 to 16.9% in 2016 and decreased to 13.9% in 2017. The decrease in 2017 compared with 2016 was primarily due to an increase in marketing and advertising expenses as a percentage of our total revenues, reflecting our efforts to promote our Yandex.Taxi and our Search services, and to support our brand in Russia and the other markets in which we operate. The slight increase in 2016 compared with 2015 was primarily due to a decrease in traffic acquisition costs paid to our partners in the Yandex ad network as a percentage of our total revenues as well as to a decrease in rent expenses attributable to our Moscow headquarters, which is U.S. dollar-denominated, reflecting the Russian ruble appreciation, as well as absence of goodwill impairment recorded in 2016, partly offset by an increase in marketing and advertising expenses as a percentage of our total revenues, reflecting our efforts to promote our Yandex.Taxi, Yandex.Market and Yandex Browser and to support our brand in Russia and the other markets in which we operate.

The following table presents our historical results of operations by reportable segment for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
	(in millions of RUB)		
<b>Revenues</b>			
Search and Portal	55,905	69,256	83,975
E - commerce	3,400	4,718	4,968
Classifieds	894	1,304	2,082
Taxi	984	2,313	4,891
Experiments	441	830	1,658
Eliminations	(1,832)	(2,496)	(3,520)
Total revenues	59,792	75,925	94,054
<b>Operating costs and expenses</b>			
Search and Portal	40,706	49,236	57,424
E - commerce	1,776	3,355	3,412
Classifieds	764	1,378	1,997
Taxi	848	4,438	12,900
Experiments	3,850	3,012	3,626
Eliminations	(1,832)	(2,496)	(3,520)
Total operating costs and expenses	46,112	58,923	75,839
<b>Adjusted operating income</b>			
Search and Portal	15,199	20,020	26,551
E - commerce	1,624	1,363	1,556
Classifieds	130	(74)	85
Taxi	136	(2,125)	(8,009)
Experiments	(3,409)	(2,182)	(1,968)
Eliminations	—	—	—
Total adjusted operating income	13,680	17,002	18,215

Eliminations represent the elimination of transaction results between the reportable segments, primarily related to advertising. Operating costs and expenses of reportable segments exclude share-based compensation expense, goodwill impairment, amortization of acquisition-related intangible assets and compensation expense related to contingent consideration.

**Revenues**

The following table presents our consolidated revenues, by source, in absolute terms and as a percentage of total revenues for the periods presented:

	Year ended December 31,					
	2015		2016		2017	
	RUB	% of Revenues	RUB	% of Revenues	RUB	% of Revenues
	(in millions of RUB, except percentages)					
<b>Advertising revenues(1):</b>						
Yandex websites	43,099	72.1 %	52,888	69.7 %	65,149	69.3 %
Yandex ad network websites	15,111	25.3	19,691	25.9	22,251	23.7
Total advertising revenues	58,210	97.4	72,579	95.6	87,400	93.0
Other revenues	1,582	2.6	3,346	4.4	6,654	7.0
Total revenues	59,792	100.0 %	75,925	100.0 %	94,054	100.0 %

(1) We record revenue net of VAT, sales agency commissions and bonuses and discounts. Because it is impractical to track commissions, bonuses 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, bonuses and discounts between our own websites and those of our partners in the Yandex ad network proportionally to their respective revenue contributions.

*Advertising revenues.* Total advertising revenues increased by RUB 14,821 million, or 20.4%, from 2016 to 2017 and by RUB 14,369 million, or 24.7%, from 2015 to 2016. Advertising revenue growth over the periods under review resulted primarily from growth in sales of performance-based online ads, driven by an increase in the number of paid clicks and an increase in average cost-per-click paid by our advertisers. We do not expect the rate of advertising revenue growth in 2018 to be higher than in 2017.

Paid clicks on our own websites together with those of our Yandex ad network partners increased 9% from 2016 to 2017 and 14% from 2015 to 2016. The average cost-per-click on our own websites together with those of our partners in the Yandex ad network increased 10% from 2016 to 2017 and 10% from 2015 to 2016.

During the periods under review, the year-over-year rates of change in paid clicks and average cost-per-click on a quarterly basis were as follows:

Quarter	Year-over-year growth in paid clicks, %	Year-over-year growth in cost-per-click, %
First Quarter 2015	12	2
Second Quarter 2015	12	1
Third Quarter 2015	15	3
Fourth Quarter 2015	10	12
First Quarter 2016	18	12
Second Quarter 2016	13	14
Third Quarter 2016	12	10
Fourth Quarter 2016	12	8
First Quarter 2017	12	10
Second Quarter 2017	10	9
Third Quarter 2017	6	12
Fourth Quarter 2017	10	9

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 such factors 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.

*Other revenues.* Other revenues principally represent commissions for providing ride-sharing services related to our Yandex.Taxi service and Music subscription fee. For ride-sharing services provided to individual transportation services users, we are not a primary obligor and report only Yandex.Taxi's commission fees as revenue. For services provided to corporate transportation services clients we act as the primary obligor and revenue and related costs are recorded on a gross basis. Other revenues increased by RUB 3,308 million or 98.9% from 2016 to 2017 and by RUB 1,764 million or 111.5% from 2015 to 2016. Other revenues doubled in each of the periods under review due to the development of paid non-advertising services, particularly, our Yandex.Taxi service.

*Revenues by reportable segment.* Our revenues attributable to the Search and Portal segment increased by RUB 14,719 million, or 21.3%, from 2016 to 2017 and by RUB 13,351 million, or 23.9%, from 2015 to 2016. The growth in this segment's revenues is in line with the growth in our overall advertising revenues. Search and Portal revenues accounted for approximately 89.3% of total revenues in 2017, compared with 91.2% in 2016 and 93.5% in 2015.

Our revenues attributable to the E-commerce segment increased by RUB 250 million, or 5.3%, from 2016 to 2017 and by RUB 1,318 million, or 38.8%, from 2015 to 2016. E-commerce revenues accounted for approximately 5.3% of total revenues in 2017, compared with 6.2% in 2016 and 5.7% in 2015. The decrease of this segment's share of total revenues in 2017 compared with 2016 and 2015 is primarily due to higher revenue growth in other reportable segments and decrease of advertising and marketing spend in E-commerce in 2017.

Our revenues attributable to the Classifieds segment increased by RUB 778 million, or 59.7%, from 2016 to 2017 and by RUB 410 million, or 45.9%, from 2015 to 2016. Classifieds revenues accounted for approximately 2.2% of total revenues in 2017, compared with 1.7% in 2016 and 1.5% in 2015. The increase of this segment's share of total



revenues in 2017 compared to 2016 is primarily due to rapid growth in its mature markets as well as in the regions, supported by our increased marketing spend in Classifieds in 2017.

Our revenues attributable to the Taxi segment increased by RUB 2,578 million, or 111.5%, from 2016 to 2017 and by RUB 1,329 million, or 135.1%, from 2015 to 2016. Taxi revenues accounted for approximately 5.2% of total revenues in 2017, compared with 3.0% in 2016 and 1.6% in 2015. The increase of this segment's share of total revenues in 2016 and 2017 is primarily due to robust growth in the number of rides across our territories driven by aggressive investments in our existing markets as well as in geographical expansion.

Our revenues attributable to the Experiments category increased by RUB 828 million, or 99.8%, from 2016 to 2017 and by RUB 389 million, or 88.2%, from 2015 to 2016. Media Services represent the bulk of the Experiments revenue line and were the main driver for the revenue growth. Experiments revenues were primarily related to Media Services and increased to approximately 1.8% of total revenues in 2017, compared with 0.7% and 1.1% in 2015 and 2016 accordingly.

**Operating Costs and Expenses**

Our operating costs and expenses consist of cost of revenues; product development expenses; sales, general and administrative expenses; depreciation and amortization expense; and goodwill impairment. 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 and as a percentage of revenues in the near term; 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 online ads on their websites and to our partners who distribute our products 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 installations of Yandex browser or search bars and applications.

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 largest distribution partner since 2012, Opera, accounted in aggregate for 23% of our distribution costs in 2017, and 24% and 26% in 2015 and 2016 accordingly. The Opera agreement also provides for a 12-month “revenue tail” period should that agreement be terminated.

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, as well as content acquisition costs.

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,		
	2015	2016	2017
	(in millions of RUB, except percentages)		
Traffic acquisition costs:			
Traffic acquisition costs related to the Yandex ad network	8,981	11,015	12,907
Traffic acquisition costs related to distribution partners	3,760	3,935	4,438
Total traffic acquisition costs	12,741	14,950	17,345
<i>as a percentage of revenues</i>	<i>21.3 %</i>	<i>19.7 %</i>	<i>18.4 %</i>
Other cost of revenues	4,069	4,804	6,592
<i>as a percentage of revenues</i>	<i>6.8 %</i>	<i>6.3 %</i>	<i>7.0 %</i>
Total cost of revenues	16,810	19,754	23,937
<i>as a percentage of revenues</i>	<i>28.1 %</i>	<i>26.0 %</i>	<i>25.5 %</i>

Cost of revenues increased by RUB 4,183 million, or 21.2%, from 2016 to 2017, primarily due to a RUB 2,395 million increase in traffic acquisition costs, and by RUB 2,944 million, or 17.5%, from 2015 to 2016, primarily due to an increase of RUB 2,209 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 RUB 1,892 million from 2016 to 2017 and by RUB 2,034 million from 2015 to 2016, representing our Yandex ad network partners' share in the increased amount of Yandex ad network revenue for the period, which increased by RUB 2,560 million from 2016 to 2017 and by 4,580 million from 2015 to 2016. Our network partner traffic acquisition costs as a percentage of network partner revenues increased to 58.0% in 2017 compared with 55.9% in 2016 and decreased compared with 59.4% in 2015. In addition, the amounts paid to our distribution partners increased by RUB 503 million from 2016 to 2017 and by RUB 175 million from 2015 to 2016 due to growth in our existing distribution relationships, as well as the additions of new distribution partners. As a percentage of total revenues, traffic acquisition costs decreased from 21.3% in 2015 to 19.7% in 2016 and to 18.4% in 2017, as a result of changes in the partner mix.

Other cost of revenues increased by RUB 1,788 million, or 37.2%, from 2016 to 2017, primarily due to an increase of tax related costs (RUB 769 million of corporate tax services and RUB 220 million of other outsourced services) and RUB 738 in content acquisition and costs for outsourced services for other reportable segments. The other factor of the increase is RUB 147 million in personnel costs other than share-based compensation expense, partially offset by a decrease of RUB 64 million of rent and utilities costs related mainly to our allocable Moscow office rent and decrease of RUB 15 million in additional share-based compensation expense.

Other cost of revenues increased by RUB 735 million, or 18.1%, from 2015 to 2016, primarily due to an increase of RUB 507 million in content acquisition and costs for outsourced services, RUB 116 million in personnel costs other than share-based compensation expense, RUB 87 million of rent and utilities costs related mainly to our datacenters and RUB 25 million in additional share-based compensation expense.

The higher increase in personnel costs in 2017 compared to 2016 is primarily a result of an increase in our headcount in 2016 and 2017, that is allocated to cost of revenues, which increased from 418 as of December 31, 2015 to 467 as of December 31, 2016, but then slightly decreased to 439 closer to the end of the year 2017. The other factor of increase of personnel costs is increase of salaries in late 2016 and in the middle of 2017.

We anticipate that cost of revenues will continue to increase in absolute terms primarily as a result of increases in traffic acquisition, content and data center costs, but will remain flat as a percentage of revenues in the near term. The primary drivers of increases in our future traffic acquisition costs are the increase of revenues derived from 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, partly offset by the change in the mix of Yandex ad network partners to partners with more favorable terms. 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, in less favorable revenue-sharing arrangements as a result of increased competition for these arrangements with existing and potential new partners.

*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,		
	2015	2016	2017
	(in millions of RUB, except percentages)		
Product development expenses	13,421	15,832	18,761
as a percentage of revenues	22.5 %	20.8 %	19.9 %

Product development expenses increased by RUB 2,929 million, or 18.5%, from 2016 to 2017, and by RUB 2,411 million, or 18.0%, from 2015 to 2016. These increases were primarily due to increases in salaries in 2017 and 2016, as well as increases in share-based compensation expense. Development personnel headcount increased from 3,286 as of December 31, 2015 to 3,709 as of December 31, 2016, and to 4,290 as of December 31, 2017. As a percentage of revenues, product development expenses slightly decreased by 0.9% from 2016 to 2017 and decreased by

1.7% from 2015 to 2016 primarily reflecting the appreciation of the Russian ruble in 2016 and 2017 which resulted in slower growth in allocable Moscow office rent and utilities which are U.S. dollar denominated.

We anticipate that product development expenses will increase in absolute terms but will not change materially as a percentage of revenues in 2018.

*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,		
	2015	2016	2017
	(in millions of RUB, except percentages)		
Sales, general and administrative expenses	11,601	17,885	27,081
as a percentage of revenues	19.4 %	23.6 %	28.8 %

Sales, general and administrative expenses increased by RUB 9,196 million, or 51.4%, from 2016 to 2017 and by RUB 6,284 million, or 54.2%, from 2015 to 2016. The increase in 2017 compared to 2016 was primarily due to increases in advertising and marketing expenses, mainly in Russia, by RUB 5,923 million. Personnel expenses grew RUB 1,025 million in 2017 compared to 2016 and RUB 933 million in 2016 compared to 2015. The increase in personnel expenses in the later period resulted from an increase in sales, general and administrative headcount from 2,095 as of December 31, 2016 to 2,716 as of December 31, 2017, compared to 1,759 as of December 31, 2015.

Additional factors contributing to the overall increase from 2016 to 2017 were increases of RUB 547 million in share-based compensation expense and RUB 273 million in recruiting and training services (which include training costs and related travel and lodging expenses, team-building and other events for staff, expenses on hires of new personnel, etc.) and business travel expenses, as well as of RUB 518 million in bank commission expenses mainly related to Yandex.Taxi and an increase by RUB 489 million in consulting and audit expenses, an increase of RUB 404 million in certain provisions related to Ukraine following the imposition of sanctions in May 2017 and RUB 233 million in other professional and outsourced services. These increases were partially compensated by a decrease of RUB 477 million of certain allowances we provided for in 2017 compared to 2016 due to VAT provision accrued in 2016 related to the results of prior years' tax audits.

Additional factors contributing to the overall increase from 2015 to 2016 were an increase of RUB 360 million of certain allowances we provided for in 2016 compared to 2015, RUB 301 million in share-based compensation expense, RUB 137 million in business travel expenses and RUB 131 million in recruiting and training services, as well as RUB 104 million in bank commission expenses related to Yandex.Money and other payment systems, partly offset by a RUB 51 million decrease in professional and other outsourced services.

We anticipate that our sales, general and administrative expenses in 2018 will continue to increase both in absolute terms and as a percentage of revenues in comparison to 2017, as we continue to invest in the promotion of our products and services, mainly related to Yandex.Market and our experiments.

*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,		
	2015	2016	2017
	(in millions of RUB, except percentages)		
Depreciation and amortization expense	7,791	9,607	11,239
as a percentage of revenues	13.0 %	12.7 %	11.9 %

Depreciation and amortization expense increased by RUB 1,632 million, or 17.0%, from 2016 to 2017 and by RUB 1,816 million, or 23.3%, from 2015 to 2016. The increases in absolute terms for 2017 as compared to 2016 and for 2016 as compared to 2015 were primarily due to RUB 1,338 million and RUB 1,465 million increases, respectively, in depreciation expense related to server and network equipment and infrastructure systems, RUB 265 million and RUB 372 million increases, respectively, in amortization expense related to technologies and licenses not related to business acquisitions. The increases in depreciation and amortization expense in 2016 and 2017 were the result of our investments in servers and the launch of our new data center in Vladimir in 2017.

We anticipate that depreciation and amortization expense will increase in absolute terms as we continue to invest in our technology infrastructure and in business acquisitions, and slightly decrease as a percentage of revenues in the near term. Any depreciation of the Russian ruble may also result in a material increase in our capital expenditures and respective depreciation and amortization.

*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,		
	2015	2016	2017
	(in millions of RUB, except percentages)		
Share-based compensation expense	2,718	3,422	4,193
as a percentage of revenues	4.5 %	4.5 %	4.5 %

Share-based compensation expense increased by RUB 771 million, or 22.5%, from 2016 to 2017, because of new equity-based awards granted in 2016 and 2017.

Share-based compensation expense increased by RUB 704 million, or 25.9%, from 2015 to 2016, because of new equity-based awards granted in 2015 and 2016.

The share-based compensation expense for 2016 and 2017 includes RUB 260 million and RUB 267 million, respectively, related to Business Unit Equity Awards as described in Note 15 to our consolidated financial statements.

We anticipate that share-based compensation expense will increase in absolute terms in the near term because of new equity-based awards.

*Goodwill impairment.*

The goodwill impairment recorded in 2015 of RUB 576 million relates to KinoPoisk and was a result of our annual goodwill impairment test. The impairment was a result of a combination of factors, including adverse changes in the business climate in Russia subsequent to the acquisition, and higher than expected competition in the Russian online media services sector and the resulting decrease in the projected operating results. No further goodwill impairment was recorded in 2016 and 2017.

*Operating costs and expenses by reportable segments.* Our operating costs and expenses attributable to the Search and Portal segment increased by RUB 8,188 million, or 16.6%, from 2016 to 2017 and by RUB 8,531 million, or 21.0%, from 2015 to 2016. These increases were primarily due to increases in traffic acquisition costs, personnel expenses as well as advertising expenses and depreciation and amortization expense.

Our operating costs and expenses attributable to the E-commerce segment increased by RUB 57 million, or 1.7%, from 2016 to 2017 and by RUB 1,579 million, or 88.9%, from 2015 to 2016. These increases were primarily due to increases in personnel expenses both in 2016 and 2017, and increase of advertising and marketing expenses in 2016.

Our operating costs and expenses attributable to the Classifieds segment increased by RUB 619 million, or 44.9%, from 2016 to 2017 and by RUB 614 million, or 80.4%, from 2015 to 2016. These increases were primarily due to increases in advertising and marketing expenses as we continue to invest in the development of the service, personnel expenses resulting from increases in salary over the periods and allocable office rent and utilities.

Our operating costs and expenses attributable to the Taxi segment increased by RUB 8,462 million, or 190.7%, from 2016 to 2017 and by RUB 3,590 million, or 423.3%, from 2015 to 2016. With respect to 2017 compared to 2016, the primary factor contributing to the overall increase was an increase of RUB 5,118 million in advertising and marketing expenses. With respect to 2016 compared to 2015, the primary factor contributing to the overall increase was an increase of RUB 2,854 million in advertising and marketing expenses. These increases were also due to increases in personnel expenses resulting from increases in headcount over the periods as we continue to invest in the development of the service. We anticipate that advertising and marketing expenses of the Taxi segment will increase in absolute terms but decrease as a percentage of revenues.

Our operating costs and expenses attributable to the Experiments category increased by RUB 614 million, or 20.4%, from 2016 to 2017, but decreased by RUB 838 million, or 21.8%, from 2015 to 2016. The increase in 2017 compared to 2016 was primarily due to increase of outsource, content and software expenses, personnel expenses and advertising and marketing expenses. With respect to 2016 compared to 2015, the overall decrease was primarily due to a decrease in overall expenses in Turkey in 2016, RUB 381 million of certain allowances provided for in 2015 but not in 2016, and a decrease of RUB 325 million in advertising and marketing expenses.

***Interest Income***

Interest income increased from RUB 2,863 million in 2016 to RUB 2,909 million in 2017, principally as a result of an increase of average interest rates of our USD-nominated investments and due to the increase of average maturities. Interest income in 2016 decreased from RUB 3,037 million in 2015 to RUB 2,863 million in 2016 principally as a result of a decrease of average interest rates on our investments.

***Interest Expense***

Interest expense decreased from RUB 1,208 million in 2016 to RUB 897 million in 2017 mostly due to decrease of amortization of debt discount related to our convertible notes by RUB 227 million. Interest expense in 2016 decreased from RUB 1,293 million in 2015 to RUB 1,208 million in 2016 mostly due to decrease of amortization of debt discount related to our convertible notes by RUB 52 million.

***Other Income/(Loss), Net***

Our other income/(loss), net primarily consists of foreign exchange gains and losses generally resulting from changes in the value of the U.S. dollar compared with the Russian ruble, and other non-operating gains and losses, including gains from the sale of equity securities, gains and losses from repurchases of convertible notes and gains and losses from investments in equity securities.

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

	Year ended December 31,		
	2015	2016	2017
	(in millions of RUB, except percentages)		
Foreign exchange gains/(losses)	1,903	(3,834)	(1,784)
Gains from sale of equity securities	—	157	33
Gains/(losses) from repurchases of convertible debt	310	53	(6)
Other	46	229	291
Total other income/(loss), net	2,259	(3,395)	(1,466)
as a percentage of revenues	3.8 %	(4.5)%	(1.6)%

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 statements of income. In 2015 because of the material depreciation of the ruble, we recorded in our Russian subsidiaries as other income, net foreign exchange gain of RUB 1,835 million, arising from changes in the value of the U.S. dollar compared with the Russian ruble during the year. In 2016 and 2017 we recognized foreign exchange losses in our Russian subsidiaries in the amount of 3,710 and 1,683 million due to significant appreciation of the Russian ruble against the U.S. dollar. Although the U.S. dollar values of our U.S. dollar-denominated cash, cash equivalents and term deposits are not impacted by these currency fluctuations, they result in upward and downward revaluations of the ruble equivalent of these U.S. dollar-denominated monetary assets.

In 2015, we repurchased \$119.4 million in principal amount of our outstanding convertible notes for \$102.3 million resulting in a gain of RUB 310 million. In 2016, we repurchased \$87.4 million in principal amount of our outstanding convertible notes for \$82.0 million resulting in a gain of RUB 53 million. In 2017, we repurchased \$12.0 million in principal amount of our outstanding convertible notes for \$11.6 million resulting in a loss of RUB 6 million.

Items recognized as "Other" in "Other income/(loss), net" include gains and losses from investments in equity securities, 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,		
	2015	2016	2017
	(in millions of RUB, except percentages)		
Provision for income taxes	3,917	4,324	4,926
Effective tax rate	28.8 %	38.9 %	36.3 %

Our provision for income taxes increased by RUB 602 million from 2016 to 2017 and increased by RUB 407 million from 2015 to 2016, primarily as a result of changes in taxable income.

Our effective tax rate decreased by 2.6 percentage points from 2016 to 2017. Our effective tax rate was lower in 2017 than in 2016 primarily due to the effects of certain provisions recognized in 2016 related to the results of prior years' tax audits, partly offset by an increase in share-based compensation expense, which is non-deductible. Adjusted for these effects and share-based compensation expense, our effective tax rate would have been 24.3% and 23.4% in 2017 and 2016, respectively.

Our effective tax rate increased by 10.1 percentage points from 2015 to 2016. Our effective tax rate was higher in 2016 than in 2015 primarily due to the effects of certain provisions recognized in 2016 related to the results of prior years' tax audits, as well as an increase in share-based compensation expense, which is non-deductible. Adjusted for

these effects and share-based compensation expense, as well as for the non-deductible goodwill impairment in 2015, our effective tax rate would have been 23.4% and 22.7% in 2016 and 2015, respectively.

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 10 of our audited consolidated financial statements included elsewhere in this 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 December 31, 2017. You should read the following tables together with our consolidated financial statements and related notes contained elsewhere in this Annual Report. 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 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 statements 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							
	Mar 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017
	(in millions of RUB)							
<b>Consolidated statements of income data:</b>								
Revenues	16,473	18,040	19,293	22,119	20,652	22,104	23,438	27,860
<b>Operating costs and expenses:</b>								
Cost of revenues(1)	4,504	4,696	4,918	5,636	5,348	5,747	6,045	6,797
Product development(1)	3,877	3,794	3,858	4,303	4,518	4,473	4,569	5,201
Sales, general and administrative(1)	3,258	3,717	4,475	6,435	4,948	6,064	8,047	8,022
Depreciation and amortization	2,394	2,316	2,489	2,408	2,463	2,823	2,930	3,023
Total operating costs and expenses	14,033	14,523	15,740	18,782	17,277	19,107	21,591	23,043
Income from operations	2,440	3,517	3,553	3,337	3,375	2,997	1,847	4,817
Interest income	873	735	646	609	709	688	732	780
Interest expense	(350)	(298)	(295)	(265)	(228)	(217)	(226)	(226)
Other (loss)/income, net	(1,181)	(842)	(218)	(1,154)	(2,255)	1,389	(626)	26
Income before income taxes	1,782	3,112	3,686	2,527	1,601	4,857	1,727	5,397
Provision for income taxes	713	1,054	1,243	1,314	782	1,373	874	1,897
Net income	1,069	2,058	2,443	1,213	819	3,484	853	3,500
Net loss attributable to noncontrolling interests	—	—	—	15	16	30	48	26
Net income attributable to Yandex N.V.	1,069	2,058	2,443	1,228	835	3,514	901	3,526

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

	Quarter ended							
	Mar 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017
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)	27.3	26.0	25.5	25.5	25.9	26.0	25.8	24.4
Product development(1)	23.6	21.1	20.0	19.4	21.9	20.2	19.5	18.6
Sales, general and administrative(1)	19.8	20.6	23.2	29.1	24.0	27.4	34.3	28.8
Depreciation and amortization	14.5	12.8	12.9	10.9	11.9	12.8	12.5	10.9
Total operating costs and expenses	85.2	80.5	81.6	84.9	83.7	86.4	92.1	82.7
Income from operations	14.8	19.5	18.4	15.1	16.3	13.6	7.9	17.3
Interest income	5.3	4.2	3.3	2.7	3.4	3.1	3.1	2.8
Interest expense	(2.1)	(1.7)	(1.5)	(1.2)	(1.0)	(1.0)	(0.9)	(0.8)
Other (loss)/income, net	(7.2)	(4.7)	(1.1)	(5.2)	(10.9)	6.3	(2.7)	0.1
Income before income taxes	10.8	17.3	19.1	11.4	7.8	22.0	7.4	19.4
Provision for income taxes	4.3	5.9	6.4	5.9	3.8	6.2	3.8	6.8
Net income	6.5	11.4	12.7	5.5	4.0	15.8	3.6	12.6
Net loss attributable to noncontrolling interests	—	—	—	0.1	0.1	0.1	0.2	0.1
Net income attributable to Yandex N.V.	6.5 %	11.4 %	12.7 %	5.6 %	4.1 %	15.9 %	3.8 %	12.7 %

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

#### Liquidity and Capital Resources

As of December 31, 2017, we had RUB 70,707 million (\$1,227.6 million) in cash, cash equivalents and term deposits. Cash equivalents consist of bank deposits with original maturities of three months or less, short-term deposits consist of bank deposits with original maturities of more than three months but no more than one year and non-current term deposits are bank deposits with original maturities of more than one year. Our current investment policy permits us to hold up to 50% of our total cash, cash equivalents, term deposits and debt securities in U.S. dollars and, additionally, to accumulate U.S. dollars for repayment of our convertible debt in 2018. In order to achieve this split of our currency holdings, we 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 in Russia. Our U.S. dollar-denominated holdings as of December 31, 2017 accounted for approximately 59.6% of our cash, cash equivalents and term deposits.

The net proceeds to us in December 2013 from the sale of our 1.125% convertible senior notes due December 15, 2018, were approximately \$593.9 million; we also received net proceeds of \$89.2 million related to the exercise of the underwriters' over-allotment option in January 2014. From time to time, we repurchase and retire outstanding notes. During 2015, we repurchased and retired an aggregate of \$119.4 million principal amount of the outstanding notes for \$102.3 million. During 2016, we repurchased and retired an aggregate of \$87.4 million principal amount of the outstanding notes for \$82.0 million. During 2017, we repurchased and retired an aggregate of \$12.0 million principal amount of the outstanding notes for \$11.6 million.

The notes are convertible into cash, our Class A shares or a combination of cash and Class A shares, at our election, under certain circumstances, based on an initial conversion rate of 19.44 Class A shares per \$1,000 principal amount of notes (which represents an initial conversion price of approximately \$51.45 per share), subject to adjustment on the occurrence of certain events. A further description of the accounting treatment related to the notes can be found in Note 11 of our audited consolidated financial statements included elsewhere in this Annual Report. The net proceeds from convertible notes were received by our parent company, a Dutch holding company that generates no operating cash flow itself.

Other than the proceeds from our convertible note offering, 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, which 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 and bonuses, unused vacation), deferred taxes and differences arising from the capitalization and depreciation of property and equipment and amortization of intangible assets. In addition, these dividends cannot result in negative net assets at our Russian subsidiaries or render them insolvent. Pursuant to applicable Russian statutory rules, the amount that our principal Russian operating subsidiary would be permitted to pay as a dividend to our parent company as of December 31, 2017 was approximately RUB 85,275 million (\$1,480.5 million).

We are required to pay 5% withholding tax on all dividends paid from our Russian operating subsidiaries to our parent company. Starting in 2014, we began to accrue for a 5% dividend withholding tax on the portion of the current year profit of our principal Russian operating subsidiary that is considered not to be permanently reinvested in Russia. We also provided in 2017 for a 5% dividend withholding tax on the portion of the profit for 2013 of our principal Russian operating subsidiary that was considered not to be indefinitely reinvested in Russia. As of December 31, 2017, the cumulative amount of unremitted earnings upon which dividend withholding taxes have not been provided is approximately RUB 58,795 million (\$1,020.7 million). We estimate that the amount of the unrecognized deferred tax liability related to these earnings is approximately RUB 2,940 million (\$51.0 million). See "Risk Factors—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 December 31, 2017, we had no outstanding indebtedness other than the convertible notes due 2018. We do not currently maintain any line of credit or other similar source of liquidity.

**Cash Flows**

In summary, our cash flows were:

	Year ended December 31,		
	2015*	2016*	2017
	(in millions of RUB)		
Net cash provided by operating activities	19,375	25,286	23,772
Net cash used in investing activities	(11,734)	(13,106)	(7,788)
Net cash used in financing activities	(6,211)	(5,549)	(587)
Effect of exchange rate changes on cash	5,052	(3,449)	(976)

\* In Q1 2017, Yandex elected to early adopt Accounting Standards Update ("ASU") No. 2016-18—Statement of Cash Flows (Topic 230): Restricted Cash, which provided revised guidance on the classification and presentation of restricted cash in the statement of cash flows on a retrospective basis. Prior periods have been adjusted accordingly.

*Cash provided by operating activities.* Cash provided by operating activities consists of net income adjusted for non-cash items, including depreciation and amortization expense, amortization of debt discount and issuance costs, share-based compensation expense, deferred tax benefit/expense, foreign exchange gains and losses, gains/(losses) from repurchases of convertible notes, gain from sale of equity securities, goodwill impairment and the effect of changes in working capital.

Cash provided by operating activities decreased by RUB 1,514 million from 2016 to 2017. This decrease was primarily due to a decrease of RUB 2,821 million in cash provided by changes in working capital partially offset by an increase in net cash from operations before changes in working capital of RUB 1,307 million. Cash used in working capital was RUB 978 million in 2017 and decreased between the periods primarily due to a significant increase in prepaid expenses and other assets in 2017 compared to 2016, principally arising from increases in funds receivable from payment processing systems and interest receivable accrued, as well as a decrease in accounts payable and accrued liabilities that were primarily related to tax provisions we accrued in 2016 as a result of prior years' tax audits.

Cash provided by operating activities increased by RUB 5,911 million from 2015 to 2016. This increase was primarily due to an increase in net cash from operations before changes in working capital of RUB 4,196 million and an increase of RUB 1,715 million in cash provided by changes in working capital. Cash provided by working capital was RUB 1,843 million in 2016 and increased between the periods primarily due to significant increases in accounts payable and accrued liabilities that were primarily related to tax provisions we accrued in 2016 as a result of prior years' tax audits.

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 2017 decreased by RUB 5,318 million compared to 2016 as a result of decreases in investments in term deposits (net of repayments) of RUB 4,632 million and in investments in debt securities (net of proceeds from maturities) of RUB 3,521 million, as well as decreases in loans granted of RUB 384 million and investments in non-marketable equity securities of RUB 300 million, which were partly compensated by increases in capital expenditures of RUB 2,764 million and in cash paid for acquisitions of new businesses of RUB 918 million.

Cash used in investing activities in 2016 increased by RUB 1,372 million compared to 2015 as a result of increases in investments in term deposits (net of repayments) of RUB 2,905 million and in investments in debt securities (net of proceeds from maturities) of RUB 1,496 million, as well as increases in loans granted of RUB 490 million and investments in non-marketable equity securities of RUB 381 million, which were partly compensated by decreases in capital expenditures of RUB 3,420 million and in cash paid for acquisitions of new businesses of RUB 398 million.

Our total capital expenditures were RUB 12,389 million in 2017 and RUB 9,625 million in 2016. Our capital expenditures have historically consisted primarily of the purchases of servers and networking equipment. We also incurred significant capital expenditures in 2016 and 2017 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 in data center operations, technology, corporate facilities and information technology infrastructure in 2018 and thereafter. Moreover, we may spend a significant amount of cash on acquisitions and licensing transactions from time to time.

*Cash used in financing activities.*

For 2017, cash outflow from financing activities was RUB 587 million, reflecting RUB 668 million used to repurchase our outstanding convertible notes and RUB 195 million paid as contingent consideration, partly offset by proceeds of RUB 328 million from share option exercises.

For 2016, cash outflow from financing activities was RUB 5,549 million, reflecting RUB 5,397 million used to repurchase our outstanding convertible notes and RUB 680 million paid as contingent consideration, partly offset by proceeds of RUB 431 million from share option exercises.

**Off-Balance Sheet Items**

We do not currently engage in off-balance sheet financing arrangements, and do not have any material interest or obligation, including a contingent obligation, arising out of a variable interest, in entities referred to as variable interest entities, which include special purpose entities and other structured finance entities.

**Contractual Obligations**

The following table sets forth our contractual obligations as of December 31, 2017:

	Payments due by period				Thereafter
	Total	Through 2018	2019 through 2020 (in millions of RUB)	2021 through 2022	
Short-term portion of long-term principal debt obligations	18,505	18,505	—	—	—
Interest payments	208	208	—	—	—
Long-term operating lease obligations	17,514	4,926	10,005	2,583	—
Data centers related purchase obligations	496	493	3	—	—
Other purchase obligations	5,426	2,203	2,597	623	3
Payments related to business acquisitions	617	589	28	—	—
Total contractual obligations	42,766	26,924	12,633	3,206	3

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 and obligations related to repayment of our convertible notes due 2018. 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 December 31, 2017. All amounts shown include value added tax, where applicable.

**Critical Accounting Policies, Estimates and Assumptions**

Our accounting policies affecting our financial condition and results of operations are more fully described in our consolidated financial statements for the years ended December 31, 2015, 2016 and 2017, included elsewhere in this Annual Report. The preparation of these consolidated 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 affect the more significant judgments and estimates used in the preparation of our consolidated financial statements are as follows:

**Tax Provisions**

Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. FASB authoritative guidance on accounting for uncertainty in income taxes 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 December 31, 2017, 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 Other Countries in which We Operate—Changes in the tax systems of Russia and other countries in which we operate, as well as unpredictable or unforeseen application of existing rules, may materially adversely affect our business, financial condition and results of operations."

In addition, significant management judgment is required in determining whether deferred tax assets will be realized. A 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. Establishing or reducing a tax valuation allowance requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. 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 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, or more frequently 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 reporting units 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. We determine whether impairment has occurred by assigning goodwill to the reporting unit identified in accordance with the authoritative guidance, and comparing the carrying amount of the reporting unit to the fair value of the reporting unit. We generally measure the fair value of the reporting unit by considering discounted estimated future cash flows using an appropriate discount rate. 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.

**Share-Based Compensation Expense**

We estimate the fair value of share options and share appreciation rights (together, "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 for grants made in the year ended December 31, 2017:

	<u>Year ended December 31, 2017</u>
Expected life of the awards (years)	7.19
Expected annual volatility	40 %
Risk - free interest rate	2.23 %
Expected dividend yield	—

No share options grants were made for the years ended December 31, 2015 and 2016. No SARs grants were made for the years ended December 31, 2015, 2016 and 2017.

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, for 2017 grants we used historical volatility of our own shares.

We base the risk-free interest rate on the U.S. Treasury yield curve in effect at the grant date.

We did not declare any external dividends with respect to 2015, 2016 or 2017 and do not have any plans to pay dividends in the near term. We therefore use an expected dividend yield of zero in our option pricing model for awards granted in the year ended December 31, 2017.

Until the fourth quarter of 2016, we determined the amount of share-based compensation expense based on awards that we ultimately expect to vest, taking into account estimated forfeitures. U.S. GAAP required forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. We calculated 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. Starting the fourth quarter of 2016, we early adopted an Accounting Standard Update ("ASU"), which simplifies certain aspects of the accounting for share-based payment transactions to employees. We also elected to account for forfeitures as they occur, rather than estimate expected forfeitures.

#### **Recent Accounting Pronouncements**

See Note 2 — "Summary of Significant Accounting Policies" in the Notes to our consolidated financial statements included elsewhere in this Annual Report.

#### **Quantitative and Qualitative Disclosures About Market Risk**

##### *Foreign Currency Exchange Risk*

The functional currency of our Russian operating subsidiaries, which account for the significant majority of our operations, is the Russian ruble. Therefore, our reported results of operations are impacted by fluctuations in exchange rates to the extent that we recognize foreign exchange gains and losses on monetary assets and liabilities denominated in currencies other than the ruble, primarily the U.S. dollar. Total U.S. dollar denominated cash, cash equivalents, term deposits and short-term debt securities held in Russia amounted to RUB 32,953 million and RUB 34,827 million as of December 31, 2017 and 2016, respectively. If the U.S. dollar had been stronger/weaker by 15% relative to the value of the Russian ruble as of December 31, we would have recognized additional foreign exchange gains/losses before tax of RUB 4,888 million and RUB 4,424 million in 2017 and 2016, respectively.

Furthermore, the revenues and expenses of our Russian operating subsidiaries are primarily denominated in Russian rubles. However, as was customary in the Russian real estate market, the majority of our rent expenses, currently including the leases for our Moscow headquarters, is denominated in U.S. dollars. Additionally, a major portion of our capital expenditures, primarily servers, networking and engineering equipment imported by Russian suppliers, can also be materially affected by changes in the dollar-ruble and euro-ruble exchange rate. In the event of a material appreciation of the U.S. dollar against the ruble, such as that which occurred in 2015, the ruble equivalents of these U.S. dollar-denominated expenditures increase and negatively impact our net income and cash flows.

The leases of our Moscow headquarters currently entail outstanding commitments of approximately RUB 15,277 million as of December 31, 2017. The rent under the leases we entered into before 2017 is denominated in U.S. dollars, but payable in rubles at the then-current exchange rate quoted by the Central Bank of Russia. The leases protect the landlord against depreciation of the U.S. dollar against the ruble. The landlord's protection from U.S. dollar depreciation represents an embedded derivative that must be bifurcated and accounted for separately under U.S. GAAP. At the end of each period, we re-measure the fair value of this embedded derivative and record any change in fair value as foreign exchange gains or losses in the statements of income. We estimate the fair value of this derivative instrument using a model that is sensitive to changes in the U.S. dollar to Russian ruble exchange rate. If the U.S. dollar had been weaker by 15% relative to the value of the Russian ruble as of December 31, 2017, we would have recognized additional foreign exchange gains before tax of RUB 3 million in 2017. If the U.S. dollar had been stronger by 15% relative to the value of the Russian ruble as of December 31, 2017, we would have recognized additional foreign exchange losses before tax of RUB 3 million in 2017. In March 2017, we designated a portion of our U.S. dollar-denominated term deposits with a third party bank as a hedging instrument to protect us from risk that our U.S. dollar-denominated Moscow headquarters rent expenses will be adversely affected by changes in the exchange rates and to avoid income statement volatility. See Note 6 — "Derivative and non-derivative financial instruments" in the Notes to our consolidated financial statements included elsewhere in this Annual Report.

The functional currency of our Dutch parent company is the U.S. dollar. The functional currency of our subsidiaries incorporated in other countries is generally the respective local currency. The financial statements of these non-Russian entities have been translated into rubles using the current rate method, where balance sheet items are translated into rubles at the period-end exchange rate and revenue and expenses are translated using a weighted average exchange rate for the relevant period. The resulting translation gains and losses for the years ended December 31, 2015,

2016 and 2017 are included as a foreign currency translation adjustment recorded as part of accumulated other comprehensive income on our consolidated balance sheets. U.S. dollar cash, cash equivalents and term deposits comprise the largest portion of our assets in the Netherlands. Total U.S. dollar denominated cash, cash equivalents and term deposits held in the Netherlands amounted to RUB 8,291 million and RUB 5,955 million as of December 31, 2017 and 2016, respectively. If the U.S. dollar had been stronger/weaker by 15% relative to the value of the Russian ruble as of December 31, we would have recognized additional other comprehensive gains/losses of RUB 1,338 million and RUB 828 million in 2017 and 2016, respectively.

Subsequent to December 31, 2017, the Russian ruble remained volatile against foreign currencies, including the U.S. dollar. The currency exchange rate as of December 31, 2017 was RUB 57.6002 to \$1.00 and, during the period from December 31, 2017 to March 21, 2018, the exchange rate of the Russian ruble depreciated to RUB 57.7033 to \$1.00. The lowest rate reached during this period was RUB 58.1718 to \$1.00 as of February 10, 2018. The highest rate reached during this period was RUB 55.6717 to \$1.00 as of February 28, 2018.

**Interest Rate Risk**

We had cash, cash equivalents and term deposits of RUB 70,707 million as of December 31, 2017. We do not believe that we have any material exposure to changes in the fair value of our cash, cash equivalents and term deposits as a result of changes in interest rates. We do not enter into investments for trading or speculative purposes. Declines in interest rates, however, will reduce future investment income.

In December 2013, we issued and sold \$600.0 million in aggregate principal amount of 1.125% convertible senior notes due December 15, 2018. In January 2014, we issued and sold an additional \$90.0 million in aggregate principal amount of such notes. During 2015, we repurchased and retired an aggregate of \$119.4 million principal amount of the outstanding notes for \$102.3 million. During 2016, we repurchased and retired an aggregate of \$87.4 million principal amount of the outstanding notes for \$82.0 million. During 2017, we repurchased and retired an aggregate of \$12.0 million principal amount of the outstanding notes for \$11.6 million. We carry the convertible notes at face value less unamortized discount and debt issuance costs on our balance sheet. The fair value of the notes changes when the market price of our shares or interest rates fluctuate.

**Item 6. Directors, Senior Management and Employees .**

The following table sets forth certain information with respect to each of our executive officers and directors and their respective age and position as of the date of this Annual Report:

Name	Age	Date of Expiration of Current Term of Office	Director or Executive Officer Since	Title
Arkady Volozh	54	2020	2000	Executive Director and Chief Executive Officer
John Boynton	52	2018	2000	Chairman and Non-Executive Director
Esther Dyson	66	2018	2006	Non-Executive Director
Rogier Rijnja	55	2019	2013	Non-Executive Director
Charles Ryan	50	2019	2011	Non-Executive Director
Alexander Voloshin	62	2019	2010	Non-Executive Director
Herman Gref	54	2020	2014	Non-Executive Director
G. Gregory Abovsky	41	N/A	2014	Chief Financial Officer, Chief Operating Officer

Mr. Volozh is the principal founder of Yandex and has been our Chief Executive Officer and a director since 2000. A serial entrepreneur with a background in computer science, Mr. Volozh co founded several successful IT enterprises, including InfiNet Wireless, a Russian provider of wireless networking technology, and CompTek International, one of the largest distributors of network and telecom equipment in Russia. In 2000, Mr. Volozh left his position as CEO of CompTek International to become the CEO of Yandex. Mr. Volozh started working on search in 1989, which led to him establishing Arkadia Company in 1990, a company developing search software. His early achievements in this field include the development of electronic search for use in patents, Russian classical literature and the Bible. Mr. Volozh holds a degree in applied mathematics from the Gubkin Institute of Oil and Gas.

*Mr. Boynton* has been a non executive director since 2000 and has served as Chairman since 2016. Mr. Boynton is the president of Firehouse Capital Inc., a privately held investment company with investments in a variety of early stage companies. He also serves on the boards of several non profit organizations. Mr. Boynton served as a founder and managing director of Wilson Alan LLC from 2001 through 2006, as vice president of corporate strategy and development at Forrester Research from 1997 to 2001, as a strategy consultant with Mercer Management Consulting from 1995 to 1997, and as co founder and president of CompTek International from 1990 to 1995. Mr. Boynton graduated from Harvard College.

*Ms. Dyson* has been a non-executive director since 2006. Ms. Dyson is the executive founder of Way to Wellville, a US non-profit dedicated to the production of health and the demonstration of its financial feasibility through a five-community project. Ms. Dyson is an active investor and board member in a variety of IT, health care and aerospace start-ups, and also sits on the board of Luxoft, another IT company of Russian origin. She started her career as a fact-checker for Forbes Magazine, and then spent five years as a securities analyst on Wall Street. At New Court Securities, Ms. Dyson comprised the sell-side research department, and worked on the initial public offering of Federal Express, among others. At Oppenheimer & Co., she followed the nascent software and personal computer markets. From 1982 to 2004, as the owner of EDventure Holdings, she edited its newsletter Release 1.0 and ran its annual PC Forum conference. She sold EDventure to CNET in 2004, and reclaimed the name when she left CNET at the beginning of 2007. In addition to Yandex and Luxoft, her Russian interests have included advisory board seats with both IBS Group and SUP/LiveJournal, and investments in the technology companies Epam, Ostrovok, Medesk, Fairwaves, TerraLink, UCMS and Zingaya. In the U.S., she sits on the boards of 23andMe, Wellpass and others. She was an early investor in Flickr and del.icio.us (sold to Yahoo!), Medstory and Powerset (sold to Microsoft), Brightmail (sold to Symantec), Postini (sold to Google), Square Trade and Apiary, among others. She is the author of "Release 2.0: A design for living in the digital age" (1997), which has been translated into 18 languages. She earned a B.A. in economics from Harvard University, and speaks Russian.

*Mr. Rijnja* has been a non-executive director since May 2013. He is an independent consultant, and served as Senior Vice President of Human Resources and a member of the executive committee at D.E Master Blenders, a Dutch public company listed on the Amsterdam Stock Exchange, from 2011 to February 2014. Prior to joining D.E Master Blenders, Mr. Rijnja served as head of the human resources departments at several international companies, including Maxeda (2008 to 2011), Numico N.V. (2004 to 2008) and Amazon.com (2002 to 2004). He was previously the director of global management development at Reckitt Benckiser PLC from 1998 to 2002, and a human resources manager for Nike Europe from 1996 to 1998. Mr. Rijnja held several positions at Apple between 1989 and 1996 in the Netherlands and the United States. Mr. Rijnja has a degree in law studies from Leiden University in the Netherlands.

*Mr. Ryan* has been a non-executive director since May 2011. A finance professional with 29 years of experience in both the Russian and international markets, Mr. Ryan co-founded United Financial Group (UFG) and became its Chairman and CEO in 1994. In 1998, Mr. Ryan initiated the New Technology Group within UFG Asset Management, which sponsored an early stage technology investment in ru-Net Holdings whose investments include Yandex. In 2006, Deutsche Bank acquired 100% of UFG's investment banking business, and Mr. Ryan was appointed chief country officer and CEO of Deutsche Bank Group in Russia and remained in that position until the end of 2008, when he became chairman of UFG Asset Management. From 2008 through the end of 2010, Mr. Ryan was a consultant for Deutsche Bank. Prior to founding UFG, Mr. Ryan worked as a financial analyst with CS First Boston from 1989 to 1991 and as an associate and principal banker with the European Bank for Reconstruction and Development in London from 1991 to 1994. Mr. Ryan has a degree in Government from Harvard University.

*Mr. Voloshin* has been a non-executive director of Yandex since August 2010 after serving as an advisor to the company for two years. Mr. Voloshin serves as the Chairman of the Board of Directors of Joint Stock Company "Freight One". Mr. Voloshin also served as Chairman of the Board of Directors of Uralkali from 2010 to 2014, as Chairman of the Board of Directors of the MMC Norilsk Nickel from 2008 to 2010 and as Chairman of the Board of Directors of RAO "UES of Russia" from 1999 to 2008. From 1999 to 2003, Mr. Voloshin held the post of Chief of Staff of the Russian President, moving up from Deputy Chief of Staff in 1998-1999 and Assistant to the Chief of Staff in 1997-1998. He graduated from the Moscow Institute of Transport Engineers in 1978 and holds a degree in economics from the All Russia Foreign Trade Academy.

*Mr. Gref* has been a non-executive director since May 2014. Mr. Gref has served since 2007 as the Chief Executive Officer and Chairman of the Executive Board of Sberbank of Russia, one of the largest commercial banks in Russia. From 2000 to 2007, Mr. Gref served as the Minister for Economic Development of the Russian Federation and

has previously served in a number of government positions at the federal and regional levels in Russia. Mr. Gref holds a degree in law from Omsk State University, a Ph.D. in law from St Petersburg State University and a Ph.D. in economics from The Russian Presidential Academy of National Economy and Public Administration. Mr. Gref holds a Citation and Certificate of Honor from the President of the Russian Federation, the Order for Distinguished Service of Grade IV and the Stolypin Medal.

*Mr. Abovsky* was appointed Chief Operating Officer of Yandex in 2017 in addition to his role of Chief Financial Officer that he has been performing since 2014. Mr. Abovsky joined Yandex as Vice President of Investor Relations in January 2013, taking on the additional role of Vice President of Corporate Development in October 2013. Mr. Abovsky began his career in the investment banking division of Morgan Stanley, and has over 16 years of experience in a variety of finance and investment management roles in the media and technology sectors. Mr. Abovsky holds a B.A. in Business Economics and Russian Literature from Brown University and an M.B.A. with High Distinction from Harvard Business School.

To our knowledge, there are no family relationships among any of the members of our board or senior management.

**Compensation and Share Ownership of Executive Officers and Directors.**

The aggregate cash compensation paid or accrued in 2017 for members of our management team (a total of 14 persons), as a group, was RUB 378 million (\$6.6 million).

In May 2011, we granted each of our non-executive directors an option to acquire 28,000 Class A shares at the initial public offering price of \$25.00 per share, effective on the closing of our initial public offering. Such options vested over a four-year period. In May 2013, we granted to a new non-executive director an option to acquire 28,000 Class A shares at a price of \$27.74 per share. In May 2014, we granted a new non-executive director an option to acquire 28,000 Class A shares at a price of \$33.09 per share.

In May 2015, our Compensation Committee and Board approved grants of further equity awards to the members of our Board. Each member was granted 14,000 restricted shares units (below – “RSUs”). In addition, the chairman was granted an additional 14,000 RSUs; each member of the audit committee and compensation committee (other than the committee chairmen) was granted an additional 2,000 RSUs; and each chairmen of such committees was granted an additional 5,000 RSUs. Such awards vest over four years, with 25% vesting in May 2016 and the remainder vesting quarterly over the following three years.

In May 2016, we made an offer to our non-executive directors to exchange up to an aggregate of 196,000 of their outstanding options for RSUs based on an exchange ratio of 2:1. As a result of exchange, a total of seven non-executive directors exchanged an aggregate of 196,000 options for an aggregate of 98,000 RSUs. The replacement RSUs are subject to an additional 12 months vesting period beyond the original vesting schedule of the exchanged options. In addition, no exercise of the replacement RSUs are permitted for a 12 month period starting from the date of the exchange which occurred in May 2016.

In November 2016, our Compensation Committee and Board approved grants of additional 14,000 RSUs to the new chairman of the Board of Directors. The award vests over four years, with 25% vesting in June 2017 and the remainder vesting quarterly over the following three years.

In November 2016, our Compensation Committee and Board approved grants of 600,000 RSUs to our executive director. The award vests over four years, with 25% vesting in December 2018 and the remainder vesting quarterly over the following three years.

In May 2017, our Compensation Committee and Board approved grants of 125,000 RSUs to our non-executive directors. The awards vest over four years, with 25% vesting in April 2018 and the remainder vesting quarterly over the following three years.

For information on share ownership and options held by our directors and senior management, please see “Major Shareholders and Related Party Transactions”.



**Corporate Governance**

We have an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of these committees.

***Audit Committee***

Our audit committee consists of Messrs. Ryan (chairperson), Boynton and Ms. Dyson. Each member satisfies the “independence” requirements of the NASDAQ listing standards, and Mr. Ryan qualifies as an “audit committee financial expert,” as defined in Item 16A of Form 20-F and as determined by our board of directors. The audit committee oversees our accounting and financial reporting processes and the audits of our consolidated financial statements. The audit committee is responsible for, among other things:

- making recommendations to our board of directors regarding the appointment by the shareholders of our independent auditors;
- overseeing the work of the independent auditors, including resolving disagreements between management and the independent auditors relating to financial reporting;
- pre-approving all audit and non-audit services permitted to be performed by the independent auditors;
- reviewing the independence and quality control procedures of the independent auditors;
- discussing material off-balance sheet transactions, arrangements and obligations with management and the independent auditors;
- reviewing and approving all proposed related-party transactions;
- discussing the annual audited consolidated and statutory financial statements with management;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately with the independent auditors to discuss critical accounting policies, observations on internal controls, the auditor’s engagement letter and independence letter and other material written communications between the independent auditors and the management; and
- attending to such other matters as are specifically delegated to our audit committee by our board of directors from time to time.

***Compensation Committee***

Our compensation committee consists of Messrs. Rijnja (chairperson), Boynton and Ms. Dyson. Each member satisfies the “independence” requirements of the NASDAQ listing standards. The compensation committee assists the board of directors in reviewing and approving or recommending our compensation structure, including all forms of compensation relating to our directors and management. Members of our management may not be present at any committee meeting while the compensation of our chief executive officer is deliberated. Subject to the terms of the remuneration policy approved by our general meeting of shareholders from time to time, as required by Dutch law, the compensation committee is responsible for, among other things:

- reviewing and making recommendations to the board of directors with respect to compensation of our executive and non-executive directors;
- reviewing and approving the compensation, including equity compensation, change-of-control benefits and severance arrangements, of our chief financial officer and such other members of our management as it deems appropriate;

- overseeing the evaluation of our management;
- reviewing periodically and making recommendations to our board of directors with respect to any incentive compensation and equity plans, programs or similar arrangements;
- exercising the rights of our board of directors under any equity plans, except for the right to amend any such plans unless otherwise expressly authorized to do so; and
- attending to such other matters as are specifically delegated to our compensation committee by our board of directors from time to time.

***Nominating and Corporate Governance Committee***

Our nominating and corporate governance committee consists of Messrs. Boynton (chairperson), Rijnja and Volozh. Each member satisfies the “independence” requirements of the NASDAQ listing standards. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board of directors and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending to the board of directors persons to be nominated for election or re-election as directors at any meeting of the shareholders;
- overseeing the board of directors’ annual review of its own performance and the performance of its committees; and
- considering, preparing and recommending to the board of directors a set of corporate governance guidelines applicable to the company.

**Employment Agreements**

Substantially all of our employees are employed by our operating subsidiaries. Our employment agreements generally contain the minimum statutory notice periods required under Russian law. The employment agreements between our subsidiaries and certain senior managers and other employees contain non-competition and non-solicitation provisions, although we understand that such provisions are generally unenforceable under Russian law.

**Employees**

The following table indicates the composition of our workforce as of December 31 each year indicated:

	2015	2016	2017
Russia	4,970	5,877	7,166
Other	493	394	279
<b>Total</b>	<b>5,463</b>	<b>6,271</b>	<b>7,445</b>

  

	2015	2016	2017
Product development	3,286	3,709	4,290
Sales, general and administration	1,759	2,095	2,716
Cost of sales	418	467	439
<b>Total</b>	<b>5,463</b>	<b>6,271</b>	<b>7,445</b>

We also typically employ several hundred contract workers on a part-time basis which are not reflected in the table above, and the numbers of such contract workers generally vary in line with the numbers of full-time staff.

Our employees are not represented by any collective bargaining agreements and we have never experienced a work stoppage. We believe our employee relations are good.

## Employee Plans

We grant equity awards in the form of share options, share appreciation rights, restricted shares and restricted share units (or so called "deferred shares") under our Fourth Amended and Restated 2007 Equity Incentive Plan (the "2007 Plan") and our 2016 Equity Incentive Plan (the "2016 Plan" and together with the 2007 Plan, the "Plans") ("Company Awards"). Our 2016 Plan was approved at our 2016 annual general meeting of shareholders on May 27, 2016 and replaced our 2007 Plan. However, there remain unexercised grants under our 2007 Plan. The total number of shares available for issuance under the Plans is equal to 15% of the aggregate number of Class A and Class B shares outstanding from time to time.

Additionally, the 2016 Plan provides employees at certain of our business units, including Taxi, Classifieds and Market (the "Participating Subsidiaries"), the opportunity to receive equity awards in respect of such Participating Subsidiary (the "Business Unit Equity Awards"). Business Unit Equity Awards and any awards granted to management of the Participating Subsidiaries outside of the 2016 Plan are to not exceed 20% of such Participating Subsidiary's shares issued and outstanding from time to time. In the future, additional of our business units may become Participating Subsidiaries.

*Plan administration.* Our board of directors or its compensation committee administers our Plans. Although our Plans sets forth certain terms and conditions of our equity awards, our board of directors or its compensation committee determines the provisions and terms and conditions of each grant. These include, among other things, the vesting schedule, repurchase provisions, forfeiture provisions, and form of payment upon exercise.

*Eligibility.* We may grant Company Awards to employees and directors of and consultants to our company and its subsidiaries. With respect to Business Unit Equity Awards, we may grant awards in the equity of a Participating Subsidiary to employees, officers, members of the board of directors, advisors and consultants of such Participating Subsidiary.

*Exercise price and term of equity awards.* With respect to the Company Awards, the exercise price of options or measurement price of share appreciation rights awards is the average closing price per Class A share on the NASDAQ Global Select Market on the 20 trading days immediately following the grant date. With respect to Business Unit Equity Awards, the exercise price of options or measurement price of share appreciation rights shall be determined from time to time by the Board (following consultation with an independent valuation expert). Restricted share unit awards have no exercise or measurement price. Equity awards are generally exercisable up until the tenth anniversary of the grant date so long as the grantee's relationship with us has not terminated.

*Vesting schedule.* The notice of grant specifies the vesting schedule. Awards generally vest over a four-year period, with  $\frac{1}{16}$  ths vesting on the first anniversary of grant and an additional  $\frac{1}{16}$  th vesting each quarter thereafter. When a grantee's employment or service is terminated, the grantee may generally exercise his or her options that have vested as of the termination date within ninety days of termination or as determined by our plan administrator.

*Class A and Class B Shares.* Outstanding options granted prior to October 2008 may be exercised, pursuant to their terms and the terms of the 2007 Plan, as follows:

- In the event that an optionee intends to exercise an option and immediately sell the shares acquired, we will issue Class A shares upon such exercise.
- In the event that an optionee intends to exercise an option and hold the shares acquired for some period of time, we will issue Class B shares upon such exercise. Such Class B shares will be subject to the transfer and conversion provisions applicable to all Class B shares.

Equity awards granted since October 2008 are in respect of Class A shares only, in accordance with their terms and the terms of the Plans.

*Amendment and Termination.* Our board of directors may at any time amend, suspend or terminate our 2016 Plan. Prior to any such amendment, suspension or termination, our board of directors must first make a determination that share options already granted will not be adversely affected. Unless terminated earlier, our 2016 Plan will continue in effect until May 2026.

*Equity Award Exchanges.* In April 2015, we offered certain of our employees the opportunity to exchange outstanding share appreciation rights awards for new restricted share unit awards. As a result of recent economic and market conditions, the value of our Class A shares has fluctuated significantly in recent periods and we believed that restricted share unit awards would provide a better incentive for our employees in these conditions. Each eligible employee was therefore given the opportunity to exchange outstanding share appreciation rights awards for restricted share unit awards on a two-for-one basis (two share appreciation rights for one restricted share unit), subject to longer vesting and exercisability terms. In particular, such replacement awards vest over a five-year period, compared with the four-year vesting term of the original share appreciation rights awards. A total of 14 employees, including our Chief Operating Officer and Chief Financial Officer, participated in the offer, exchanging a total of 1,663,750 share appreciation rights for a total of 831,875 restricted share units.

In July and September 2015, we completed additional exchanges of outstanding share appreciation rights awards for new restricted share unit awards based on an exchange ratio of 2:1. In all but one instance, the exchanges were effected for non-senior employees and the replacement restricted share units are subject to the same vesting schedule as was in place for the replaced share appreciation rights awards. An exchange was also offered to and accepted by one senior employee; in this case the replacement restricted share units were granted on the condition that vesting be reset to begin as of January 1, 2016.

As a result of the exchanges, a total of 42 employees exchanged an aggregate of 256,850 share appreciation rights for an aggregate of 128,426 restricted share units during the third quarter of 2015.

In May 2016, we made an offer to our non-executive directors to exchange up to an aggregate of 196,000 of their outstanding options for RSUs based on an exchange ratio of 2:1. As a result of exchange, a total of seven nonexecutive directors exchanged an aggregate of 196,000 options for an aggregate of 98,000 RSUs. The replacement RSUs are subject to an additional 12 months vesting period beyond the original vesting schedule of the exchanged options. In addition, no exercise of the replacement RSUs is permitted for a 12 month period starting the date of exchange.

**Item 7. Major Shareholders and Related Party Transactions.**

The following table contains information concerning each of our directors and members of our senior management and each shareholder known by us to beneficially own more than five percent of each class of our outstanding ordinary shares. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to our shares.

The number of shares outstanding used in calculating the percentage for each listed shareholder includes the shares underlying options held by such shareholder that are exercisable within 60 days of February 15, 2018. The percentage of beneficial ownership is based on 287,942,319 Class A shares and 39,254,658 Class B shares outstanding as of February 15, 2018. All holders of our ordinary shares, including those shareholders listed below, have the same

voting rights with respect to such shares. Class A shares have one vote per share, and Class B shares have 10 votes per share.

Name of Beneficial Owner	Shares Beneficially Owned as of February 15, 2018					
	Class A Shares		Class B Shares		Total Percentage	
	Number of Shares	%	Number of Shares	%	By Voting Power(1)	By Number of Shares
<b>Directors and Senior Management:</b>						
Arkady Volozh(2)	397,088	*	33,459,684	85.24 %	49.23 %	10.35 %
John Boynton(3)	102,816	*	0	—	*	*
Esther Dyson(4)	172,936	*	0	—	*	*
Rogier Rijnja(5)	11,664	*	0	—	*	*
Charles Ryan(6)	347,099	*	0	—	*	*
Alexander Voloshin(7)	65,022	*	0	—	*	*
Herman Gref(8)	9,660	*	0	—	*	*
G. Gregory Abovsky(9)	39,459	*	0	—	*	*
<b>All current directors and senior management as a group (8 persons)(10)</b>	<b>1,145,744</b>	<b>0.40 %</b>	<b>33,459,684</b>	<b>85.24 %</b>	<b>49.34 %</b>	<b>10.57 %</b>
<b>Principal Shareholders:</b>						
Vladimir Ivanov	9,228,291	3.20 %	3,318,884	8.45 %	6.23 %	3.83 %
WCM Investment Management (11)	16,745,927	5.82 %	0	—	2.46 %	5.12 %
<b>Total shares held by directors, management and 5% holders</b>	<b>27,119,962</b>	<b>9.42 %</b>	<b>36,778,568</b>	<b>93.69 %</b>	<b>58.03 %</b>	<b>19.53 %</b>

\* Represents beneficial ownership of less than one percent of such class.

- (1) Percentage of total voting power represents voting power with respect to all of our Class A and Class B shares, voting together as a single class. Each holder of Class B shares is entitled to ten votes per Class B share and each holder of Class A shares is entitled to one vote per Class A share on all matters submitted to our shareholders for a vote. The Class A shares and Class B shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by Dutch law or our articles of association. Each Class B share is convertible at any time by the holder into one Class A share and one Class C share.
- (2) Includes (a) 205,000 Class A shares and (b) options to purchase 187,500 Class A shares and 4,588 vested restricted share units in respect of Class A shares. Excludes 416,875 options to purchase and restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 15, 2018.
- (3) Includes (a) 60,000 Class A shares held by trusts, the beneficiaries of which include Mr. Boynton or members of his family, (b) 25,000 Class A shares held by the John W. Boynton Trust of 2006, and (c) 17,816 vested restricted share units in respect of Class A shares. Other than in respect of the shares held by the John W. Boynton Trust of 2006, Mr. Boynton disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. Excludes 59,438 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 15, 2018.
- (4) Includes 12,936 vested restricted share units in respect of Class A shares. Excludes 25,000 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 15, 2018.
- (5) Includes 11,664 vested restricted share units in respect of Class A shares. Excludes 25,700 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 15, 2018.
- (6) Includes (a) 329,892 Class A shares held by trusts, the beneficiaries of which include Mr. Ryan or members of his family and by Mr. Ryan directly and (b) 17,207 vested restricted share units in respect of Class A shares. Excludes 25,938 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 15, 2018.

- (7) Includes (a) 15,022 vested restricted share units in respect of Class A shares, and (b) options to purchase 50,000 Class A shares that are exercisable within 60 days after February 15, 2018. Excludes 14,375 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 15, 2018.
- (8) Includes 9,660 vested restricted share units in respect of Class A shares. Excludes 17,875 restricted share units in respect of Class A shares that are not vested or exercisable within 60 days after February 15, 2018.
- (9) Consists of 39,459 vested restricted share units that are exercisable within 60 days after February 15, 2018. Excludes 511,750 restricted share units that are not vested or exercisable within 60 days after February 15, 2018.
- (10) Includes options to purchase 237,500 Class A shares and 128,352 vested restricted share units that are exercisable within 60 days after February 15, 2018. Excludes 1,096,951 options to purchase Class A shares and restricted share units that are not vested or exercisable within 60 days after February 15, 2018.
- (11) The number of shares reported is based solely on the Schedule 13G/A filed by WCM Investment Management on February 14, 2018.

***Holdings by U.S. Shareholders***

As of February 15, 2018, there was one holder of record of Class A shares (Cede & Co., as nominee for DTC) located in the United States, which held approximately 99.49% of our outstanding Class A shares by number, which represented approximately 42.10% of our outstanding shares by voting power.

**Related Party Transactions**

***Shareholders' Agreement***

Shareholders holding an aggregate of approximately 49 million Class A and Class B shares, representing approximately 56% of the voting power of our outstanding shares, are parties to a shareholders agreement, the principal terms of which are as follows:

***Board composition.*** The parties have agreed to vote all of our shares held by them in favor of electing or re-electing those persons nominated by our board of directors for election or re-election as a director at any general meeting of our shareholders.

***Compliance with foreign ownership laws.*** The parties have agreed to comply with any applicable laws from time to time in effect that regulate the owners of Yandex by non-Russian parties.

***Amendments to articles of association.*** The parties have agreed that they will vote against any proposal to amend the articles of association in such a way as to eliminate:

- our multiple class share structure, with differential voting rights;
- the staggered three-year terms of our directors;
- the provision that our directors may only be removed by a two-thirds majority of votes cast representing at least 50% of our outstanding share capital;
- the authorized preference shares;
- requirements that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our board of directors;
- the supermajority requirements for shareholder approval of certain significant corporate actions, including a legal merger or demerger of our company or the amendment of our articles of association;

- the right of our board of directors to approve the accumulation by a party, group of related parties or parties acting in concert of the legal or beneficial ownership of 25% or more, in number or by voting power, of our outstanding Class A and Class B shares (taken together); or
- the rights of the holder of the priority share.

*Term and Amendment.* The shareholders agreement will remain in effect so long as any Class B shares remain outstanding. The agreement may be terminated and amended, and any provision thereof waived, with the prior written consent of parties to the agreement holding shares representing more than 66 2/3% of the voting power of the outstanding share capital held by parties to the agreement. The agreement will terminate with respect to any particular shareholder upon its affirmative election if it no longer holds any Class B Shares, as a result of the transfer of all Class B shares held by it, or the voluntary or mandatory conversion of all Class B Shares held by it into Class A Shares.

*Registration Rights Agreement*

We are party to a registration rights agreement with our major shareholders that allows them to require us to register Class A shares held by them under the U.S. Securities Act of 1933, as amended (the "Securities Act"), under certain circumstances.

*Demand registration rights.* Shareholders party to the agreement together holding approximately 34 million Class A and Class B shares have the right to require that we register their securities for sale. Certain other shareholders have the right to join in a demand registration. We have the right not to effect a demand registration (a) if we have already effected one demand registration, (b) if the aggregate price, net of underwriters' discounts or commissions, of all registrable securities included in such registration is less than \$7,500,000, (c) if the initiating shareholders propose to register securities that may be immediately registered on Form F-3, or (d) in a jurisdiction where we would be required to qualify to do business or execute a general consent to service of process in effecting such a registration. We have the right to defer filing of a registration statement for up to 120 days if our board of directors determines in good faith that filing of a registration statement would be detrimental to us, but we cannot exercise such deferral right more than once in any 12-month period.

*Piggyback registration rights.* If we propose to file a registration statement for a public offering of our securities other than relating to an employee share option, share purchase or similar plan or pursuant to a merger, exchange offer, or similar transaction, then we must offer holders of registrable securities an opportunity to include in this registration all or any part of their registrable securities. We must use our best effort to cause the underwriters in any underwritten offering to permit the shareholders who so requested to include their shares on the same terms and conditions as our securities to be registered.

*Form F-3 registration rights.* When we are eligible to use Form F-3, one or more shareholders party to the agreement holding shares with an aggregate market value of at least \$50,000,000 have the right to request that we file a registration statement on Form F-3. We are not obligated to file a registration statement on Form F-3 if (a) we have already effected two registrations on Form F-3 for holders of registrable securities during the 12-month period preceding a registration request, (b) the aggregate price, net of underwriters' commissions or discounts, of registrable securities included in such registration is less than \$10 million, or (c) in a jurisdiction where we would be required to qualify to do business or execute a general consent to service of process in effecting such a registration. We have the right to defer filing of a registration statement for up to 120 days if our board of directors determines in good faith that filing of a registration statement would be detrimental to us, but we cannot exercise such deferral right more than once in any 12-month period.

*Expenses of registration.* We will pay all expenses relating to any demand, piggyback or F-3 registration, other than underwriting commissions and discounts.

*Relationship with Sberbank*

Sberbank is a major financial institution and the largest savings bank in the Russian Federation. Approximately 51% of its voting shares are held by the Central Bank of the Russian Federation. Herman Gref, the Chief Executive Officer and Chairman of the Executive Board of Sberbank, is a member of our Board of Directors.

*Priority Share*

In September 2009, we issued our priority share to Sberbank for its nominal value of €1.00. As the holder of our priority share, Sberbank has the right to approve the accumulation by a party, group of related parties or parties acting in concert, of the legal or beneficial ownership of shares representing 25% or more, in number or by voting power, of our outstanding Class A and Class B shares (taken together), if our board of directors has otherwise approved such accumulation of shares. In addition, any decision by our board of directors to sell, transfer or otherwise dispose of, directly and indirectly, all or substantially all of our assets to one or more third parties in any transaction or series of related transactions, including the sale of our principal Russian operating subsidiary, is subject to the prior approval of the holder of our priority share. The priority share does not carry any rights to control the management or operations of our company, and its economic rights are limited to its pro rata entitlement to dividends and other distributions. Our articles of association provide that the priority share may only be held by a party that is specifically nominated by our board of directors for this purpose. The rights of the priority share would terminate if any law is adopted or amended in Russia that restricts the ownership by non-Russian parties of internet businesses in Russia.

Our board of directors and shareholders approved the priority share mechanism with the objective of strengthening control over our company's ownership structure and providing transparency into changes in share ownership. We believe that this structure allows us to avoid the dominance of any single group of investors. In addition, we believe that this mechanism allows us to attract appropriate levels of both Russian and non-Russian investment.

In nominating Sberbank as the party to which the priority share would be issued, our board of directors considered three principal criteria: the holder had to be controlled by the Russian government, the holder had to be public, and the holder could not have interests in the internet or media sectors that would conflict with the interests of our business. Our board also considered Sberbank to be an appropriate holder of the priority share in light of what our board believes to be its respected and professional management team. Because our board views the holder of the priority share as playing a valuable role in contributing to the stability of our business and the transparency of our shareholder base, and because the priority share carries only an immaterial economic interest in our company, we issued the priority share for only nominal consideration.

*Yandex.Money Joint Venture*

In July 2013, we sold a 75 percent (less 1 ruble) interest in our Yandex.Money business to Sberbank for \$60 million in cash and entered into a joint venture arrangement with Sberbank in respect of the future operation of this business, which continues under the Yandex.Money brand. Our joint venture agreement with Sberbank provides for standard minority protections and addresses corporate governance matters such as veto rights, deadlock mechanisms and rights of first refusal and co-sale.

Following the sale of the controlling interest and deconsolidation of Yandex.Money in July 2013, we retained a noncontrolling interest and significant influence over Yandex.Money's business. We continue to use Yandex.Money for payment processing and sublease to Yandex.Money part of our premises. The amount of revenues from subleasing and other services was RUB 106 million and RUB 86 million (\$1.5 million) for the years ended December 31, 2016 and 2017, respectively. The amount of fees for online payment commissions was RUB 173 million and RUB 439 million (\$7.6 million) for the years ended December 31, 2016 and 2017 respectively. As of December 31, 2016 and 2017, the amount of receivables related to payment processing was RUB 47 million and RUB 158 million (\$2.7 million), respectively. We believe that the terms of the agreements with Yandex.Money are comparable to the terms obtained in arm's-length transactions with unrelated similarly situated customers and suppliers.

*Advisory Fees; Lending Arrangements*

In December 2015, we engaged Sberbank CIB, an affiliate of Sberbank, as our financial advisor in connection with our proposed acquisition of a legal entity that will hold title to the office complex in central Moscow in which our Russian headquarters are located. Pursuant to this engagement, we have paid Sberbank CIB advisory fees of \$0.2 million. On February 19, 2016, we entered into a framework agreement with Krasnaya Roza 1875 Limited, a Cypriot company, or KR 1875, for the acquisition of certain buildings in the Krasnaya Roza office complex in central Moscow, in which the Russian headquarters of the Yandex group are located (the "Framework Agreement"). On September 7, 2016, we opted to terminate the Framework Agreement because of changing market conditions. Yandex plans to remain at the Red Rose through the end of the lease term in 2021 but may consider other options for when the lease term expires.



*Internet-acquiring agreement with Sberbank*

In October 2017 the Company entered into new internet-acquiring agreement with Sberbank. The amount of fees was RUB 45 (\$0.8) for the year ended December 31, 2017.

*Loans granted to related parties*

In 2017, we had loans outstanding in the aggregate principal amount of RUB 173 million (\$3.0 million) to the CEOs of our business units, principally in connection with their purchase of equity interests in those subsidiaries, and to certain senior employees. The interest rate on the loans is up to 8% per annum and they mature in 2019-2022.

**Item 8. Financial Information .**

See the financial statements beginning on page F-1.

*Dividends*

We do not have any present plan to pay cash dividends on our shares in the near term. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

If and when we pay dividends in the future, they will be payable on a *pari passu* basis on the outstanding Class A and Class B shares and the priority share. Although our Class C shares are technically entitled to a maximum dividend of €0.01 per share when we declare dividends on our Class A and Class B shares, we intend to repurchase all Class C shares issued upon conversion of our Class B shares promptly following their issuance such that no dividends would be payable on our Class C shares. Cash dividends on our shares, if any, will be paid in U.S. dollars.

**Item 9. The Listing .**

*Markets*

Our Class A ordinary shares are currently listed on the NASDAQ Global Select Market, under the symbol "YNDX".

The following table sets forth the high and low closing sale prices on the NASDAQ Global Select Market for our Class A ordinary shares for (1) the five most recent years, (2) each quarter of the two most recent full financial years and any interim period, and (3) the most recent six months.

	High	Low
Annual Highs and Lows	\$	\$
2017	35.00	20.43
2016	23.41	11.80
2015	20.90	10.18
2014	44.22	16.82
2013	43.15	20.07
Quarterly Highs and Lows		
First Quarter 2018 (through March 21)	43.75	33.64
Fourth Quarter 2017	35.00	30.77
Third Quarter 2017	33.20	25.97
Second Quarter 2017	28.99	21.67
First Quarter 2017	24.66	20.43
Fourth Quarter 2016	22.13	17.61
Third Quarter 2016	23.41	20.31
Second Quarter 2016	23.08	15.05
First Quarter 2016	15.41	11.80
Monthly Highs and Lows		
March 2018 (through March 21)	43.75	40.13
February 2018	43.49	35.20
January 2018	39.19	33.64
December 2017	33.29	31.44
November 2017	35.00	30.99
October 2017	34.18	30.77
September 2017	33.20	31.71

On March 21, 2018, the closing sale price per share on the NASDAQ Global Select Market was \$43.21.

In June 2014, our Class A ordinary shares were admitted to trading on Moscow Exchange (MOEX) and are currently listed in the Listing A Level 1, top quotation list on MOEX, under the symbol "YNDX".

The following table sets forth the high and low closing sale prices on MOEX for our Class A ordinary shares for (1) the each quarter of the most recent full financial years and any interim period, and (2) the most recent six months.

	High RUB	Low RUB
<b>Annual Highs and Lows</b>		
2017	2,038.00	1,239.00
2016	1,506.00	912.50
2015	1,177.00	694.00
2014 (from July 1)	1,283.00	991.00
<b>Quarterly Highs and Lows</b>		
First Quarter 2018 (through March 21)	2,497.50	1,942.50
Fourth Quarter 2017	2,038.00	1,796.00
Third Quarter 2017	1,922.00	1,558.50
Second Quarter 2017	1,619.00	1,239.00
First Quarter 2017	1,425.00	1,239.00
Fourth Quarter 2016	1,376.50	1,150.00
Third Quarter 2016	1,506.00	1,319.50
<b>Monthly Highs and Lows</b>		
March 2018 (through March 21)	2,497.50	2,280.50
February 2018	2,473.50	2,054.50
January 2018	2,197.50	1,942.50
December 2017	1,997.50	1,832.00
November 2017	2,038.00	1,856.50
October 2017	1,961.00	1,796.00
September 2017	1,922.00	1,820.00

On March 21, 2018, the closing sale price per share on Moscow Exchange was RUB 2,497.50.

#### Item 10. Additional Information .

##### Memorandum and Articles of Association

We incorporate by reference into this Annual Report the description of our amended articles of association contained in our F-1 registration statement (File No. 333-173766) originally filed with the SEC on April 28, 2011, as amended. Our articles of association were amended as of May 21, 2012, May 22, 2013, May 23, 2014, May 22, 2015 and 1 June, 2016. Such amendments reduced the number of authorized shares upon the conversion of our Class B shares into Class A shares or were technical in nature to conform with changes in the requirements of Dutch law.

##### Material Contracts

###### *Convertible debt*

We issued and sold \$690 million in aggregate principal amount of 1.125% convertible senior notes due 2018, to qualified institutional buyers in reliance on Rule 144A under the United States Securities Act of 1933, as amended, in transactions closing December 17, 2013, and January 14, 2014.

In connection with the offering of the notes, we entered into an Indenture, dated December 17, 2013, with the Bank of New York Mellon, a New York banking corporation, as trustee, which includes the terms and conditions upon which the notes are to be authenticated, issued and delivered. The notes are convertible into cash, Class A shares of Yandex or a combination of cash and Class A shares, at our election, based on an initial conversion rate of 19.4354 Class A shares per \$1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately \$51.45 per Class A share, subject to adjustment on the occurrence of certain events. Prior to June 15, 2018, the notes are convertible only upon the occurrence of certain events and during certain periods, and thereafter, at any time until the close of business on the business day immediately preceding the maturity date of the notes.

The notes bear interest at a rate of 1.125% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2014. The notes mature on December 15, 2018, unless earlier repurchased, redeemed or converted in accordance with their terms. The notes are senior unsecured obligations of the Company and we do not have the right to redeem the notes prior to maturity, except in connection with certain changes in tax laws.

The net proceeds from the convertible note offering were approximately \$683 million, after deducting the initial purchasers' discount and estimated offering expenses.

In 2014, 2015, 2016 and 2017, we repurchased an aggregate of \$368.73 million principal amount of the convertible notes for an aggregate of \$327.1 million in the open market.

*Framework Agreement with Krasnaya Roza 1875 Limited*

On February 19, 2016, we entered into a framework agreement with Krasnaya Roza 1875 Limited, a Cypriot company, or KR 1875, for the acquisition of certain buildings in the Krasnaya Roza office complex in central Moscow, in which the Russian headquarters of the Yandex group are located (the "Framework Agreement"). On September 7, 2016, we opted to terminate the Framework Agreement because of changing market conditions. Yandex plans to remain at the Red Rose through the end of the lease term in 2021 but may consider other options for when the lease term expires.

*Yandex.Taxi joint venture with Uber*

*Contribution Agreement with respect to Yandex.Taxi*

On July 13, 2017, we entered into a Contribution Agreement (the "Contribution Agreement") with Uber International C.V. ("Uber"), a wholly owned subsidiary of Uber Technologies, Inc., to combine Yandex.Taxi and the ride-sharing, food delivery and related logistics businesses of Uber in Russia and neighboring countries. On February 7, 2018, the transaction contemplated by the Contribution Agreement closed.

As of December 2017 the combined business operated in Russia, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan and Moldova.

Pursuant to the Contribution Agreement, the parties contributed their respective businesses within the territories to a newly formed Dutch company, MLU B.V. ("MLU"). In addition, Yandex contributed \$100 million in cash and Uber contributed \$225 million in cash to MLU at closing. Further, Yandex sold Uber an additional 2% stake in MLU in exchange for shares of Class A common stock of Uber. Following closing, MLU is owned approximately 59.3% by Yandex, 36.9% by Uber, and 3.8% by employees, on a fully diluted basis.

The Contribution Agreement contains warranties, indemnities and covenants customary for a joint venture combination of this nature.

Both parties have licensed their respective brands to MLU for use in the territories. In addition, Yandex licensed its core maps, location-based services and related technology to MLU. The MLU business will operate on the existing Yandex.Taxi technology platform, following a transitional period during which riders will be able to use both Yandex and Uber rider-side apps, while the driver-side apps are being integrated. Uber and MLU have also entered into an agreement to enable their respective riders to roam onto the two companies' apps when traveling in their respective territories.

Uber granted Yandex a right to require Uber to repurchase the Uber Class A shares received by Yandex in respect of the secondary sale described above, and Uber has a right to require Yandex to sell such Uber shares back to Uber during such period, in each case at an agreed valuation and during an agreed time period.

At closing and in connection with the Contribution Agreement, Yandex and Uber entered into a deed of covenant, pursuant to which each agreed to accept certain restrictive covenants towards MLU in the ride-sharing, food delivery, and related logistics business in the territories for an agreed period, as well as certain non-solicitation restrictions with respect to employees of MLU.

*Shareholders Agreement with respect to Yandex.Taxi*

On February 7, 2018, Yandex and Uber entered into a shareholders agreement (the "Shareholders Agreement") in respect of the governance and operation of MLU. Pursuant to the Shareholders Agreement, Yandex has the right to appoint a majority of the members of the supervisory board of MLU. As a significant minority shareholder, Uber has protective rights customary for a joint venture of this nature. Both parties have agreed to customary restrictions on transfer of their shares in MLU, as well as customary rights of first refusal, tag-along, drag along and public offering registration rights.

*Yandex.Market joint venture with Sberbank*

*Subscription Agreement with respect to Yandex.Market*

On December 12, 2017, we and our wholly owned subsidiary Yandex.Market B.V. entered into a subscription agreement (the "Subscription Agreement") with Public Joint Stock Company "Sberbank of Russia" ("Sberbank").

Pursuant to the Subscription Agreement, an affiliate of Sberbank will subscribe for new ordinary shares of Yandex.Market for 30 billion rubles (approximately \$500 million as of signing). Immediately following the closing of the transaction, Yandex and Sberbank will each own approximately 45% of the issued shares in the capital of Yandex.Market (on a fully diluted basis); 10% will be held by an equity incentive foundation to facilitate current and future equity ownership by management and employees of Yandex.Market. The Subscription Agreement contains warranties, indemnities and covenants customary for a transaction of this nature.

Yandex.Market will engage in e-commerce, with a core focus on a B2C online retail marketplace. In the Russian Federation, other CIS states, Baltics states and Georgia, the principal shareholders will engage in the core business solely through Yandex.Market.

We will continue to provide to Yandex.Market the rights to use the Yandex.Market brand, as well as technology, promotion and related services, all of which on arms' length terms. Sberbank or its affiliates will enter into an agreement with Yandex.Market to provide promotion and related services on arms' length terms.

*Shareholders Agreement with respect to Yandex.Market*

At the closing of the Yandex.Market joint venture described above, we, Sberbank and Yandex.Market, among others, will enter into a shareholders' agreement (the "Shareholders' Agreement") in respect of the governance and operation of Yandex.Market. Pursuant to the Shareholders' Agreement, the board of directors of Yandex.Market will have seven members: three will be appointed by Yandex (one of whom will be independent of Yandex); three will be appointed by Sberbank (one of whom will be independent of Sberbank); and the fourth will initially be the Chief Executive Officer of Yandex.Market. Each principal shareholder will have protective rights customary for a joint venture of this nature. Both parties will agree to customary restrictions on transfer of their shares in Yandex.Market, as well as customary rights of first refusal, tag-along, drag along and public offering initiation. Yandex and Sberbank will also agree to certain restrictive covenants in the exclusive territories, as well as certain non-solicitation restrictions with respect to employees of Yandex.Market.

**Exchange Controls**

Under existing laws of the Netherlands, there are no exchange controls applicable to the transfer to persons outside of the Netherlands of dividends or other distributions with respect to, or of the proceeds from the sale of, shares of a Dutch company.

**Taxation**

**Taxation in the Netherlands**

*General*

The information set out below is a general summary of the material Dutch tax consequences in connection with the acquisition, ownership and transfer of our Class A shares. The summary does not purport to be a comprehensive description of all the Dutch tax considerations that may be relevant for a particular holder of our Class A shares, who may be subject to special tax treatment under any applicable law, and this summary is not intended to be applicable in respect of all categories of holders of the Class A shares. In particular, this summary is not applicable in respect of any holder who is, is deemed to be or is treated as a resident of the Netherlands for Dutch tax purposes nor to a holder that holds, alone or together with his partner, whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of shares) or the ownership of, or certain other rights over, profit participating certificates that relate to 5% or more of the annual profit and/or to 5% or more of our liquidation proceeds. Such interest in our Class A shares is further referred to as a Substantial Interest (*aanmerkelijk belang*).

Please note that under Dutch tax law an individual is considered as a holder of Class A shares as well if he/she is deemed to hold an interest in the Class A shares pursuant to the attribution rules of article 2.14a of the Dutch Income Tax Act 2001, with respect to property that has been segregated, for instance in a trust or a foundation.

The summary is based upon the tax laws of the Netherlands as in effect on the date of this Annual Report, as well as regulations, rulings and decisions of the Netherlands and its taxing and other authorities available on or before such date and now in effect. All references in this summary to the Netherlands and Netherlands law are to the European part of the Kingdom of The Netherlands and its law, respectively, only. All of the foregoing is subject to change, which could apply retroactively and could affect the continuing validity of this summary. As this is a general summary, we recommend that investors or shareholders consult with their own tax advisors as to the Dutch or other tax consequences of the acquisition, ownership and transfer of our Class A shares, including, in particular, the application to their particular situations of the tax considerations discussed below.

The following summary does not address the tax consequences arising in any jurisdiction other than the Netherlands in connection with the acquisition, ownership and transfer of our Class A shares.

Our company currently takes the view that it is a resident of the Netherlands for tax purposes, including for purposes of tax treaties concluded by the Netherlands, and this summary so assumes. This summary further assumes that the holders of Class A shares will be treated for Dutch tax purposes as the absolute beneficial owners of those Class A shares and any dividends (as defined below) received or realized with respect to such shares.

***Dividend Withholding Tax***

*General*

Dividends paid on the Class A shares to a holder of such shares are generally subject to Dutch dividend withholding tax at a rate of 15%. The term "dividends" for this purpose includes, but is not limited to:

- distributions in cash or in kind, deemed and constructive distributions, and repayments of paid-in capital not recognized for Dutch dividend withholding tax purposes;
- liquidation proceeds, proceeds of redemption of shares or, generally, consideration for the repurchase of shares in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes;
- the par value of shares issued to a shareholder or an increase of the par value of shares, as the case may be, to the extent that it does not appear that a contribution to the capital recognized for Dutch dividend withholding tax purposes was made or will be made; and

- partial repayment of paid-in capital, recognized for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), within the meaning of the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*), unless the general meeting of our shareholders has resolved in advance to make such a repayment and provided that the par value of the shares concerned has been reduced by a corresponding amount by way of an amendment of our articles of association.

Generally we are responsible for the withholding of taxes at source and the remittance of the amounts withheld to the Dutch tax authorities; the dividend withholding tax will not be for our account.

If we have received a profit distribution from a foreign subsidiary located (a) in a jurisdiction with which the Netherlands has concluded a treaty for the avoidance of double taxation or (b) in Bonaire, St. Eustatius, Saba, Aruba, Curacao or St. Maarten, in which subsidiary we hold at least 25% of the nominal paid-up capital or if the relevant tax treaty therein provides, we hold at least 25% of the voting rights, which distribution is exempt from Dutch corporate income tax and has been subject to a foreign withholding tax of at least 5%, we are not required to transfer to the Dutch tax authorities the full amount of Dutch dividend withholding tax in respect of dividends distributed by our company. The amount that does not have to be transferred to the Dutch tax authorities can generally not exceed the lesser of (i) 3% of the portion of the dividends distributed by our company that is subject to Dutch dividend withholding tax; and (ii) 3% of the profit distributions our company received from qualifying foreign subsidiaries in the calendar year in which our company distributes the dividends (up to the moment of such dividend distribution) and the two previous calendar years; further limitations and conditions apply.

The amount of Dutch withholding tax that we may retain reduces the amount of dividend withholding tax that we are required to pay to the Dutch tax authorities, but does not reduce the amount of tax we are required to withhold from dividends paid to a holder of our Class A shares. Upon request, a holder of our Class A shares will be notified by our company of the amount of the Dutch withholding tax that was retained by us.

*Non-residents of the Netherlands (including but not limited to U.S. holders)*

The following is a description of the material Dutch tax consequences of holders of our Class A shares who under certain circumstances may not be subject to the above described 15% Dutch dividend withholding tax.

Entities (i) that are resident in another EU Member State, in a State of the European Economic Area (the "EEA") i.e. Iceland, Norway and Liechtenstein, or a country outside the EU/EEA which has an arrangement for the exchange of tax information with the Netherlands; and (ii) that are not subject to taxation by reference to profits in such State, in principle have the possibility to obtain a full refund of Dutch dividend withholding tax, provided such entities would not have been subject to Dutch corporate income tax either had they been resident within the Netherlands, and provided further that such entities do not perform a similar function to that of a tax exempt investment institutions or fiscal investment institutions as referred to in the Dutch Corporate Income Tax Act 1969, and with respect to entities resident in a country outside the EU/EEA which has an arrangement for the exchange of tax information with the Netherlands, provided such entities hold their Class A shares as a portfolio investment, i.e. such shares are not held with a view to the establishment or maintenance of lasting and direct economic links between such holder of Class A shares and our company, and these shares do not allow such holder to effectively participate in the management or control of our company.

Further, a holder of Class A shares who is resident in another EU Member State or in a State of the EEA i.e. Iceland, Norway and Liechtenstein, in principle has the possibility to obtain a refund of Dutch dividend withholding tax, provided that (i) such dividends are not taxable with the holder of Class A shares for personal income tax purposes or corporate income tax purposes and (ii) insofar the Dutch dividend withholding tax exceeds the amount of personal income tax or corporate income tax that would have been due had the holder of Class A shares been resident in the Netherlands, and with respect to a holder of Class A shares resident in a country outside the EU/EEA which has an arrangement for the exchange of tax information with the Netherlands, provided the Class A shares are held by such holder as a portfolio investment, i.e. such shares are not held with a view to the establishment or maintenance of lasting and direct economic links between such holder of Class A shares and our company, and these shares do not allow such holder to effectively participate in the management or control of our company.

A holder of Class A shares who is considered to be a resident of the United States and is entitled to the benefits of the 1992 Double Taxation Treaty between the United States and the Netherlands ("U.S. holder"), as amended most

recently by the Protocol signed March 8, 2004 (the "Treaty") will generally be subject to Dutch dividend withholding tax at the rate of 15% unless such U.S. holder is an exempt pension trust as described in article 35 of the Treaty, or an exempt organization as described in article 36 of the Treaty.

U.S. holders that are exempt pension trusts or exempt organizations as described in articles 35 and 36, respectively, of the Treaty may qualify for an exemption from Dutch withholding tax and may generally claim (i) in the case of an exempt pension trust full exemption at source by timely filing two completed copies of form IB 96 USA signed by the U.S. holder accompanied with U.S. form 6166 (as issued by the U.S. Internal Revenue Service and valid for the relevant tax year) or (ii) in the case of either an exempt pension trust or an exempt organization a full refund by filing through the withholding agent as mentioned in article 9 of the Dutch Dividend Withholding Tax Act 1965 (which is generally the company) one of the following forms signed by the U.S. holder within three years after the end of the calendar year in which the withholding tax was levied:

- if the U.S. holder is an exempt pension trust as described in article 35 of the Treaty: two completed copies of Form IB 96 USA accompanied with U.S. Form 6166 as issued by the U.S. Internal Revenue Service valid for the relevant tax year and
- if the U.S. holder is an exempt organization as described in article 36 of the Treaty: two completed copies of Form IB 95 USA accompanied with U.S. Form 6166 as issued by the U.S. Internal Revenue Service, valid for the relevant tax year.

#### **Taxes on Income and Capital Gains**

##### *General*

The description of taxation set out in this section of this Annual Report is not intended for any holder of Class A shares who is:

- an individual for whom the income or capital gains derived from the Class A shares are attributable to employment activities the income from which is taxable in the Netherlands; or
- an individual who or an entity which holds, or is deemed to hold, a Substantial Interest in our company (as defined above).

##### *Non-residents of the Netherlands (including, but not limited to, U.S. holders)*

A Non-Resident of the Netherlands who holds Class A shares is generally not subject to Dutch income or corporate income tax (other than dividend withholding tax described above) on the income and capital gains derived from the Class A shares, provided that:

- such Non-Resident of the Netherlands does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands or effectively managed in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Class A shares are attributable or deemed attributable;
- in the case of a Non-Resident of the Netherlands who is an individual, (a) such individual does not carry out any activities in the Netherlands with respect to the Class A shares that exceed ordinary active asset management (*normaal vermogensbeheer*), (b) the benefits derived from such Class A shares are not intended as remuneration for activities performed by a holder of Class A shares or by a person connected to such holder as meant by article 3.92b paragraph 5 of the Dutch Income Tax Act 2001 and (c) such individual does not derive income or capital gains from the Class A shares that are taxable as benefits from "other miscellaneous activities" in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*);



- in the case of a Non-Resident of the Netherlands which is an entity, it is neither entitled to a share in the profits of an enterprise effectively managed in the Netherlands, nor co-entitled to the net worth of such enterprise, other than by way of the holding of securities, to which enterprise the Class A shares or payments in respect of the Class A shares are attributable; and
- in the case of a Non-Resident of the Netherlands who is an individual, such individual is not entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or, through an employment contract, to which enterprise the Class A shares or payments in respect of Class A shares are attributable.

A U.S. holder that is entitled to the benefits of the Treaty and whose Class A shares are not attributable to a Dutch enterprise or deemed enterprise, will generally not be subject to Dutch taxes on any capital gain realized on the disposal of such Class A shares.

***Gift, Estate or Inheritance Taxes***

No Dutch gift, estate or inheritance taxes will arise on the transfer of Class A shares by way of a gift by, or on the death of, a holder of Class A shares who is neither resident nor deemed to be resident in the Netherlands, unless in the case of a gift of the Class A shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands (i) such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or (ii) the gift of the Class A shares is made under a condition precedent and the holder of these shares is resident, or is deemed to be resident, in the Netherlands at the time the condition is fulfilled.

For purposes of Dutch gift, estate and inheritance taxes, an individual who holds the Dutch nationality will be deemed to be resident in the Netherlands if he or she has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his or her death. Additionally, for purposes of Dutch gift tax, an individual not holding the Dutch nationality will be deemed to be resident in the Netherlands if he or she has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

***Value-Added Tax***

There is no Dutch value-added tax payable in respect of payments in consideration for the sale of the Class A shares (other than value added taxes on fees payable in respect of services not exempt from Dutch value added tax).

***Other Taxes and Duties***

There is no Dutch registration tax, capital tax, customs duty, stamp duty or any other similar documentary tax or duty other than court fees payable in the Netherlands by a holder of Class A shares in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Class A shares.

***Residence***

Other than as set forth above, a holder of Class A shares will not become or be deemed to become a resident of the Netherlands, nor will a holder of Class A shares otherwise become subject to taxation in the Netherlands, solely by reason of holding the Class A shares.

**Taxation in the United States**

The following summary of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our Class A shares is based upon current law and does not purport to be a comprehensive discussion of all the tax considerations that may be relevant to a decision to purchase our Class A shares. This summary is based on current provisions of the Internal Revenue Code, existing, final, temporary and proposed United States Treasury Regulations, administrative rulings and judicial decisions, in each case as available on the date of this Annual Report. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

This section summarizes the material U.S. federal income tax consequences to U.S. holders, as defined below, of Class A shares. This summary addresses only the U.S. federal income tax considerations for U.S. holders that hold the Class A shares as capital assets. This summary does not address all U.S. federal income tax matters that may be relevant to a particular U.S. holder, nor does it address any state, local or foreign tax matters or matters relating to any U.S. federal tax other than the income tax. Each investor should consult its own professional tax advisor with respect to the tax consequences of the purchase, ownership and disposition of the Class A shares. This summary does not address tax considerations applicable to a holder of Class A shares that may be subject to special tax rules including, without limitation, the following:

- certain financial institutions;
- insurance companies;
- dealers or traders in securities, currencies, or notional principal contracts;
- tax-exempt entities;
- regulated investment companies;
- persons that hold the Class A shares as part of a wash sale, hedge, straddle, conversion, constructive sale or similar transaction;
- persons that hold the Class A shares through partnerships or certain other pass-through entities;
- persons that own (or are deemed to own) 10% or more of our voting shares; and
- persons that have a “functional currency” other than the U.S. dollar.

Further, this summary does not address alternative minimum tax consequences or indirect effects on the holders of equity interests in entities that own our Class A shares. In addition, this discussion does not consider the U.S. tax consequences to non-U.S. holders of Class A shares.

For the purposes of this summary, a “U.S. holder” is a beneficial owner of Class A shares that is, for U.S. federal income tax purposes:

- an individual who is either a citizen or resident of the United States;
- a corporation, or other entity that is treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state of the United States or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more “United States persons,” within the meaning of the Internal Revenue Code, have the authority to control all of the substantial decisions of such trust.

If a partnership holds Class A shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership.

We will not seek a ruling from the U.S. Internal Revenue Service (“IRS”) with regard to the U.S. federal income tax treatment of an investment in our Class A shares, and we cannot assure you that the IRS will agree with the conclusions set forth below.

*Distributions.* Subject to the discussion under “*Passive Foreign Investment Company Considerations*” below, the gross amount of any distribution (including any amounts withheld in respect of Dutch withholding tax) actually or

constructively received by a U.S. holder with respect to Class A shares will be taxable to the U.S. holder as a dividend to the extent paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce, the U.S. holder's adjusted tax basis in the Class A shares. Distributions in excess of our current and accumulated earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as capital gain from the sale or exchange of property. However, since we do not calculate our earnings and profits under U.S. federal income tax principles, it is expected that any distribution will be reported as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution. The U.S. holder will not be eligible for any dividends-received deduction in respect of the dividend otherwise allowable to corporations.

Under the Internal Revenue Code, qualified dividends received by certain non-corporate U.S. holders (i.e. individuals and certain trusts and estates) currently are subject to a maximum income tax rate of 20%. This reduced income tax rate is applicable to dividends paid by "qualified foreign corporations" to such non-corporate U.S. holders that meet the applicable requirements, including a minimum holding period (generally, at least 61 days during the 121-day period beginning 60 days before the ex-dividend date). We believe that we are a qualified foreign corporation under the Internal Revenue Code. Accordingly, dividends paid by us to non-corporate U.S. holders with respect to Class A shares that meet the minimum holding period and other requirements are expected to be treated as "qualified dividend income." However, dividends paid by us will not qualify for the 20% U.S. federal income tax rate cap if we are treated, for the tax year in which the dividends are paid or the preceding tax year, as a "passive foreign investment company" for U.S. federal income tax purposes, as discussed below. Dividends paid by us that are not treated as qualified dividends will be taxable at the normal (and currently higher) ordinary income tax rates, except to the extent that they are taxable otherwise if we are a passive foreign investment company as described below.

Dividends received by a U.S. holder with respect to Class A shares generally will be treated as foreign source income for the purposes of calculating that holder's foreign tax credit limitation. Subject to applicable conditions and limitations, and subject to the discussion in the next two paragraphs, any Dutch income tax withheld on dividends may be deducted from taxable income or credited against a U.S. holder's U.S. federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us generally will constitute "passive category income" (but, in the case of some U.S. holders, may constitute "general category income").

A "United States person," within the meaning of the Internal Revenue Code, that is an individual, an estate or a nonexempt trust is generally subject to a 3.8% surtax on the lesser of (i) the United States person's "net investment income" for the year and (ii) the excess of the United States person's "modified adjusted gross income" for that year over a threshold (which, in the case of an individual, will be between \$125,000 and \$250,000, depending on the individual's U.S. tax filing status). A U.S. holder's net investment income generally will include, among other things, dividends on, and gains from the sale or other taxable disposition of, our Class A shares, unless (with certain exceptions) those dividends or gains are derived in the ordinary course of a trade or business. Net investment income may be reduced by deductions properly allocable thereto; however, the U.S. foreign tax credit may not be available to reduce the surtax.

Upon making a distribution to shareholders, we may be permitted to retain a portion of the amounts withheld as Dutch dividend withholding tax. See "Taxation in the Netherlands—Dividend Withholding Tax—General." The amount of Dutch withholding tax that we may retain reduces the amount of dividend withholding tax that we are required to pay to the Dutch tax authorities but does not reduce the amount of tax we are required to withhold from dividends paid to U.S. holders. In these circumstances, it is likely that the portion of dividend withholding tax that we are not required to pay to the Dutch tax authorities with respect to dividends distributed to U.S. holders would not qualify as a creditable tax for U.S. foreign tax credit purposes.

*Sale or other disposition of Class A shares.* A U.S. holder will generally recognize gain or loss for U.S. federal income tax purposes upon the sale or exchange of Class A shares in an amount equal to the difference between the U.S. dollar value of the amount realized from such sale or exchange and the U.S. holder's tax basis for those Class A shares. Subject to the discussion under "Passive Foreign Investment Company Considerations" below, this gain or loss will be capital gain or loss and will generally be treated as from sources within the United States. Capital gain or loss will be long-term capital gain or loss if the U.S. holder held the Class A shares for more than one year at the time of the sale or

exchange; in general, long-term capital gains realized by non-corporate U.S. holders are eligible for reduced rates of tax. The deductibility of losses incurred upon the sale or other disposition of capital assets is subject to limitations.

*Passive foreign investment company considerations.* A corporation organized outside the United States generally will be classified as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes in any taxable year in which, after applying the applicable look-through rules, either: (i) at least 75% of its gross income is passive income, or (ii) at least 50% of the average gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income. In arriving at this calculation, a pro rata portion of the income and assets of each corporation in which we own, directly or indirectly, at least a 25% interest by value, must be taken into account. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. We believe that we were not a PFIC for the 2014 and 2015 tax years. Based on estimates of our gross income and the average value of our gross assets, and on the nature of the active businesses conducted by our "25% or greater" owned subsidiaries, we do not expect to be a PFIC in the current taxable year and do not expect to become one in the foreseeable future. However, because our status for any taxable year will depend on the composition of our income and assets and the value of our assets for such year, and because this is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC for the current taxable year or any future taxable year. In particular, the value of our assets may be determined in large part by reference to the market price of our Class A shares, which may fluctuate considerably. If we were a PFIC for any taxable year during which a U.S. holder held Class A shares, gain recognized by the U.S. holder on a sale or other disposition (including a pledge) of the Class A shares would be allocated ratably over the U.S. holder's holding period for the Class A shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the resulting tax liability for that taxable year. Similar rules would apply to the extent any distribution in respect of Class A shares exceeds 125% of the average of the annual distributions on Class A shares received by a U.S. holder during the preceding three years or the holder's holding period, whichever is shorter. Elections may be available that would result in alternative treatments (such as a mark-to-market treatment) of the Class A shares. In addition, if we are considered a PFIC for the current taxable year or any future taxable year, U.S. holders will be required to file annual information returns for such year, whether or not the U.S. holder disposed of any Class A shares or received any distributions in respect of Class A shares during such year.

*Backup Withholding and Information Reporting.* U.S. holders generally will be subject to information reporting requirements with respect to dividends on Class A shares and on the proceeds from the sale, exchange or disposition of Class A shares that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder is an "exempt recipient." In addition, certain U.S. holders who are individuals may be required to report to the IRS information relating to their ownership of the Class A shares, subject to certain exceptions (including an exception for shares held in an account maintained by a U.S. financial institution). U.S. holders may be subject to backup withholding (currently at 28%) on dividends and on the proceeds from the sale, exchange or disposition of Class A shares that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder provides a taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Backup withholding is not an additional tax and the amount of any backup withholding will be allowed as a credit against a U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

#### **Documents on Display**

We are subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year, which is December 31. Such reports and other information, when so filed, may be accessed at [www.sec.gov/edgar](http://www.sec.gov/edgar) or at [ir.yandex.com/sec.cfm](http://ir.yandex.com/sec.cfm). As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

**Item 11. Quantitative and Qualitative Disclosures About Market Risk .**

See “Operating and Financial Review and Prospects—Quantitative and Qualitative Disclosures About Market Risk.”

**PART II .**

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds .**

Not applicable.

**Item 15. Controls and Procedures .**

***Evaluation of Disclosure Controls and Procedures***

The company’s management, with the participation of the company’s chief executive officer and chief financial officer, evaluated the effectiveness of the company’s disclosure controls and procedures as of December 31, 2017. The term “disclosure controls and procedures,” as defined in Rules 13a 15(e) and 15d 15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures. Based on the evaluation of the company’s disclosure controls and procedures as of December 31, 2017, the company’s chief executive officer and chief financial officer concluded that, as of such date, the company’s disclosure controls and procedures were effective at the reasonable assurance level.

***Management’s Report on Internal Control over Financial Reporting***

Our management is responsible for establishing and maintaining adequate “internal control over financial reporting,” as defined in Rules 13a 15(f) and 15d 15(f) under the Exchange Act. This rule defines internal control over financial reporting as a process designed by, or under the supervision of, a company’s chief executive officer and chief financial officer and effected by its board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Management assessed the design and operating effectiveness of our internal control over financial reporting as of December 31, 2017. This assessment was performed under the direction and supervision of our chief executive officer and chief financial officer, and based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, we concluded that as of December 31, 2017, our internal control over financial reporting was effective.

No change in the company’s internal control over financial reporting occurred during the fiscal year ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by JSC KPMG, our independent registered public accounting firm. Their report may be found below.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors  
Yandex N.V.:

*Opinion on Internal Control Over Financial Reporting*

We have audited Yandex N.V. and subsidiaries' (together, the "Company") internal control over financial reporting as of December 31, 2017, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2017, and the related consolidated statements of income, comprehensive income, cash flows, and shareholders' equity for the year then ended, and the related notes (collectively, the consolidated financial statements), and our report dated March 27, 2018 expressed an unqualified opinion on those consolidated financial statements.

*Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

*Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ JSC “KPMG”  
Moscow, Russia  
March 27, 2018

**Item 16A. Audit Committee Financial Expert .**

Mr. Ryan qualifies as an "audit committee financial expert," as defined in Item 16A of Form 20-F and as determined by our board of directors.

**Item 16B. Code of Ethics .**

We have adopted a written code of ethics applicable to directors, members of senior management and employees of the company and any of the company's direct and indirect subsidiaries. Our code of ethics is posted on our company website at: [ir.yandex.com/documents.cfm](http://ir.yandex.com/documents.cfm).

Any amendments to our code of ethics will be disclosed on our website within five business days of the occurrence.

**Item 16C. Principal Accountant Fees and Services .**

The following table summarizes the fees of ZAO Deloitte & Touche, our predecessor independent registered public accounting firm, or its affiliates billed to us for each of the last two fiscal years:

	2016	2017
	(RUB in million)	
Audit Fees(1)	47.0	32.2
Audit Related Fees(2)	0.2	0.4
Tax Fees(3)	5.7	2.0
All Other Fees	—	—
<b>Total Fees</b>	<b>52.9</b>	<b>34.6</b>

The following table summarizes the fees of JSC KPMG, our independent registered public accounting firm, or its affiliates billed to us for 2017 fiscal year:

	2016	2017
	(RUB in million)	
Audit Fees(1)	—	18.1
Audit Related Fees(2)	—	—
Tax Fees(3)	—	1.8
All Other Fees (4)	—	6.7
<b>Total Fees</b>	<b>—</b>	<b>26.6</b>

(1) Audit fees for 2017 and 2016 were for professional services provided for the review of interim financial statements and the audit of our consolidated annual financial statements included in our Annual Reports on Form 20-F or services normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

(2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and which are not reported under "Audit Fees".

(3) Tax fees consist of fees for tax compliance and tax advice services.

(4) All other fees relate to due diligence investigations and advisory services.

*Pre-Approval Policies for Non-Audit Services*

In 2011, we established a policy pursuant to which we will not engage our auditors to perform any non-audit services unless the audit committee pre-approves the service. The audit committee pre-approved all of the non-audit services performed for us by ZAO Deloitte & Touche CIS and JSC KPMG during 2017.



**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers .**

None.

**Item 16F. Changes in Registrant's Certifying Accountant**

Management and the Audit Committee of the Board of Directors (the "Audit Committee") of Yandex N.V. ("Yandex" or the "Company") have completed a competitive process to review the appointment of the Company's independent registered public accounting firm for the year ending December 31, 2017. The Audit Committee invited several firms to participate in this process, including ZAO Deloitte & Touche CIS ("Deloitte").

As a result of this process and following careful deliberation, on May 25, 2017, the Company's shareholders, pursuant to the recommendation of the Audit Committee, appointed JSC KPMG ("KPMG"), an independent registered public accounting firm and the Russian affiliate of KPMG International, as auditors of the Company's consolidated financial statements for the 2017 financial year (to be prepared under U.S. GAAP), and KPMG Accountants N.V., its Dutch affiliate, as external auditors of the Company's statutory annual accounts for the 2017 financial year (to be prepared under IFRS) and Deloitte was discharged on May 25, 2017.

Deloitte's audit reports on the Company's consolidated financial statements as of and for the years ended December 31, 2016 and 2015 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to audit scope or accounting principles. Such reports included an explanatory paragraph referring to translations of Russian ruble amounts into U.S. dollar amounts presented solely for the convenience of the readers in the United States of America convenience translation.

During the years ended December 31, 2016 and 2015, and the subsequent interim period through May 25, 2017, there were (i) no disagreements with Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Deloitte, would have caused Deloitte to make reference to the subject matter of the disagreements in its reports on the financial statements for such years, and (ii) no "reportable events" as defined in Item 304(a)(1)(v) of Regulation S-K.

The Company provided Deloitte with a copy of this Item 16F disclosure on Form 20-F prior to its filing with the Securities and Exchange Commission (the "SEC"). The Company requested that Deloitte furnish the Company with a letter addressed to the SEC stating whether or not Deloitte agrees with the above statements that are related to Deloitte. A copy of Deloitte's letter, dated March 27, 2018, is attached hereto as Exhibit 16.

During the years ended December 31, 2016 and 2015 and through May 27, 2017, neither the Company nor anyone on its behalf consulted with KPMG with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements, and no written report or oral advice was provided by KPMG to the Company that KPMG concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue, or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to that Item) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

**Item 16G. Corporate Governance .**

The Sarbanes Oxley Act of 2002, as well as related rules subsequently implemented by the SEC, requires foreign private issuers, including our company, to comply with various corporate governance practices. In addition, NASDAQ rules provide that foreign private issuers may follow home country practice in lieu of the NASDAQ corporate governance standards, subject to certain exceptions and except to the extent that such exemptions would be contrary to

U.S. federal securities laws. The home country practices followed by our company in lieu of NASDAQ rules are described below:

- We do not follow NASDAQ's quorum requirements applicable to meetings of shareholders. In accordance with Dutch law and generally accepted business practice, our articles of association do not provide quorum requirements generally applicable to general meetings of shareholders.
- We do not follow NASDAQ's requirements regarding the provision of proxy statements for general meetings of shareholders. Dutch law does not have a regulatory regime for the solicitation of proxies and the solicitation of proxies is not a generally accepted business practice in the Netherlands. We do intend to provide shareholders with an agenda and other relevant documents for the general meeting of shareholders.

We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes Oxley Act, the rules adopted by the SEC and NASDAQ's listing standards. As a Dutch company listed on a government recognized stock exchange, we are required to apply the provisions of the Dutch Corporate Governance Code, or explain any deviation from the provisions of such code in our Dutch Annual Report required by Dutch law.

YANDEX N.V.  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders

Yandex N.V.

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheet of Yandex N.V. and subsidiaries (together, the "Company") as of December 31, 2017, the related consolidated statements of income, comprehensive income, cash flows, and shareholders' equity for the year then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements as of and for the year ended December 31, 2017 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Russian rubles have been translated into United States dollars on the basis set forth in Note 2 of the notes to the consolidated financial statements.

We also have audited the adjustments to the 2016 and 2015 consolidated financial statements to retrospectively apply the change in accounting, as described in Note 2. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2016 and 2015 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2016 and 2015 consolidated financial statements taken as a whole.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 27, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ JSC "KPMG"

We have served as the Company's auditor since 2017.

Moscow, Russia

March 27, 2018

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Yandex N.V.:

We have audited, before the effects of the adjustments to retrospectively apply the change in accounting described in Note 2 to the consolidated financial statements, the consolidated balance sheet of Yandex N.V. and subsidiaries (together the "Company") as of December 31, 2016, and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity for the years ended December 31, 2016 and 2015 (the 2016 and 2015 consolidated financial statements before the effects of the adjustments discussed in Note 2 to the consolidated financial statements are not presented herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements, before the effects of the adjustments to retrospectively apply the change in accounting described in Note 2 to the consolidated financial statements, present fairly, in all material respects, the financial position of Yandex N.V. and subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the years ended December 31, 2016 and 2015, in conformity with accounting principles generally accepted in the United States of America.

Our audits also comprehended the translation of Russian ruble amounts into U.S. dollar amounts and, in our opinion, such translations have been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers in the United States of America.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the change in accounting described in Note 2 to the consolidated financial statements and, accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

/s/ ZAO Deloitte & Touche CIS

Moscow, Russia

March 22, 2017

YANDEX N.V.

CONSOLIDATED BALANCE SHEETS

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

	Notes	As of December 31,		
		2016 RUB	2017 RUB	2017 \$
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	5	28,232	42,662	740.7
Term deposits		31,769	23,040	400.0
Investments in debt securities	5	3,033	—	—
Accounts receivable, net	5	7,741	9,746	169.3
Prepaid expenses		1,481	1,269	21.9
Other current assets	5	2,714	4,039	70.1
Total current assets		74,970	80,756	1,402.0
Property and equipment, net	8	18,817	21,171	367.6
Intangible assets, net	9	5,514	5,023	87.2
Goodwill	9	8,436	9,328	161.9
Long-term prepaid expenses		1,385	1,788	31.1
Term deposits, non-current		—	5,005	86.9
Investments in non-marketable equity securities	5	1,513	2,001	34.7
Deferred tax assets	10	662	2,171	37.7
Other non-current assets	5	2,811	3,301	57.3
<b>TOTAL ASSETS</b>		<b>114,108</b>	<b>130,544</b>	<b>2,266.4</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable and accrued liabilities	5	9,532	11,111	193.0
Taxes payable		2,963	4,213	73.1
Deferred revenue		2,127	2,464	42.8
Convertible debt	11	—	17,834	309.6
Total current liabilities		14,622	35,622	618.5
Convertible debt	11	18,750	—	—
Deferred tax liabilities	10	1,040	959	16.6
Other accrued liabilities		1,104	1,316	22.9
Total liabilities		35,516	37,897	658.0
Commitments and contingencies	12	—	—	—
Redeemable noncontrolling interests	14	1,506	9,821	170.5
Shareholders' equity:				
Priority share: €1 par value; 1 share authorized, issued and outstanding	13	—	—	—
Preference shares: €0.01 par value; 1,000,000,001 shares authorized, nil shares issued and outstanding	13	—	—	—
Ordinary shares: par value (Class A €0.01, Class B €0.10 and Class C €0.09); shares authorized (Class A: 1,000,000,000, Class B: 46,997,887 and Class C: 46,997,887); shares issued (Class A: 285,019,019 and 289,364,467, Class B: 45,037,734 and 40,692,286, and Class C: 560,235 and 4,166,448, respectively); shares outstanding (Class A: 277,579,206 and 285,612,556, Class B: 45,037,734 and 40,692,286, and Class C: nil)	13	284	271	4.7
Treasury shares at cost (Class A: 7,439,813 and 3,751,911, respectively)	13	(8,368)	(3,814)	(66.2)
Additional paid-in capital		16,579	16,469	285.9
Accumulated other comprehensive income	2, 5	896	1,864	32.3
Retained earnings		67,695	68,036	1,181.2
Total shareholders' equity		77,086	82,826	1,437.9
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>114,108</b>	<b>130,544</b>	<b>2,266.4</b>

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

YANDEX N.V.

CONSOLIDATED STATEMENTS OF INCOME E

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

	Notes	Year ended December 31,			
		2015 RUB	2016 RUB	2017 RUB	2017 \$
Revenues	16	59,792	75,925	94,054	1,632.9
Operating costs and expenses:					
Cost of revenues(1)		16,810	19,754	23,937	415.6
Product development(1)		13,421	15,832	18,761	325.7
Sales, general and administrative(1)		11,601	17,885	27,081	470.2
Depreciation and amortization		7,791	9,607	11,239	195.1
Goodwill impairment	9	576	—	—	—
Total operating costs and expenses		50,199	63,078	81,018	1,406.6
Income from operations		9,593	12,847	13,036	226.3
Interest income		3,037	2,863	2,909	50.5
Interest expense	11	(1,293)	(1,208)	(897)	(15.6)
Other income/(loss), net	5	2,259	(3,395)	(1,466)	(25.4)
Income before income taxes		13,596	11,107	13,582	235.8
Provision for income taxes	10	3,917	4,324	4,926	85.5
Net income		9,679	6,783	8,656	150.3
Net loss attributable to noncontrolling interests		—	15	120	2.1
Net income attributable to Yandex N.V.		9,679	6,798	8,776	152.4
Net income per Class A and Class B share:					
Basic	3	30.39	21.19	27.02	0.47
Diluted	3	29.90	20.84	26.49	0.46
Weighted average number of Class A and Class B shares outstanding:					
Basic	3	318,541,887	320,788,967	324,747,888	324,747,888
Diluted	3	323,713,437	326,136,949	331,243,961	331,243,961

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

Cost of revenues	168	193	178	3.1
Product development	1,860	2,238	2,477	43.0
Sales, general and administrative	690	991	1,538	26.7

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

YANDEX N.V.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Notes	Year ended December 31,			
		2015 RUB	2016 RUB	2017 RUB	2017 \$
Net income		9,679	6,783	8,656	150.3
Foreign currency translation adjustment:					
Foreign currency translation adjustment, net of tax of nil		2,076	(2,100)	968	16.8
Reclassification adjustment, net of tax of nil	5	—	(103)	—	—
Foreign currency translation adjustment, net of tax of nil		2,076	(2,203)	968	16.8
Total other comprehensive income/(loss)		2,076	(2,203)	968	16.8
Total comprehensive income		11,755	4,580	9,624	167.1
Total comprehensive loss attributable to noncontrolling interests		—	15	120	2.1
Total comprehensive income attributable to Yandex N.V.		11,755	4,595	9,744	169.2

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



**YANDEX N.V.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions of Russian rubles and U.S. dollars)

Notes	Year ended December 31,			
	2015*	2016*	2017	2017
	RUB	RUB	RUB	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income	9,679	6,783	8,656	150.3
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation of property and equipment	6,197	7,655	9,131	158.5
Amortization of intangible assets	1,594	1,952	2,108	36.6
Amortization of debt discount and issuance costs	967	911	684	11.9
Share-based compensation expense	2,718	3,422	4,193	72.8
Deferred income taxes	(188)	(864)	(1,313)	(23.3)
Foreign exchange (gains)/losses	(1,903)	3,834	1,784	31.0
Gain from sale of equity securities	—	(157)	(33)	(0.6)
Goodwill impairment	576	—	—	—
(Gain)/loss from repurchases of convertible debt	(310)	(53)	6	0.1
Other	(83)	(40)	(266)	(4.6)
Changes in operating assets and liabilities excluding the effect of acquisitions:				
Accounts receivable, net	(1,763)	(2,385)	(1,996)	(34.7)
Prepaid expenses and other assets	867	113	(2,224)	(38.6)
Accounts payable and accrued liabilities	980	3,817	2,921	50.7
Deferred revenue	44	298	321	5.6
Net cash provided by operating activities	<u>19,375</u>	<u>25,286</u>	<u>23,772</u>	<u>412.7</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>				
Purchases of property and equipment and intangible assets	(13,045)	(9,625)	(12,389)	(215.1)
Proceeds from sale of property and equipment	95	177	73	1.3
Acquisitions of businesses, net of cash acquired	4	(398)	—	(15.9)
Investments in non-marketable equity securities	(110)	(491)	(191)	(3.3)
Proceeds from sale of equity securities	4	—	267	4.6
Investments in debt securities	(2,564)	(3,159)	—	—
Proceeds from maturity of debt securities	3,426	2,525	2,887	50.1
Investments in term deposits	(41,760)	(70,430)	(70,082)	(1,216.7)
Maturities of term deposits	42,682	68,447	72,731	1,262.7
Loans granted	(60)	(550)	(166)	(2.9)
Net cash used in investing activities	<u>(11,734)</u>	<u>(13,106)</u>	<u>(7,788)</u>	<u>(135.2)</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES:</b>				
Proceeds from exercise of share options	11	168	431	328
Repurchase of share options	—	—	—	(77)
Repurchases of convertible debt	11	(6,096)	(5,397)	(668)
Payment for contingent consideration	—	(312)	(680)	(195)
Other financing activities	—	29	97	25
Net cash used in financing activities	<u>(6,211)</u>	<u>(5,549)</u>	<u>(5,877)</u>	<u>(10.2)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>5,052</u>	<u>(3,449)</u>	<u>(976)</u>	<u>(17.0)</u>
Net change in cash and cash equivalents	6,482	3,182	14,421	250.3
Cash and cash equivalents at beginning of period	19,146	25,628	28,810	500.2
Cash and cash equivalents at end of period	<u>25,628</u>	<u>28,810</u>	<u>43,231</u>	<u>750.5</u>
<b>Reconciliation of cash and cash balances:</b>				
Cash and cash equivalents, beginning of period	17,645	24,238	28,232	490.1
Restricted cash, beginning of period	1,501	1,390	578	10.1
Cash and cash balances, beginning of period	19,146	25,628	28,810	500.2
Cash and cash equivalents, end of period	24,238	28,232	42,662	740.7
Restricted cash, end of period	1,390	578	569	9.8
Cash and cash balances, end of period	25,628	28,810	43,231	750.5
<b>Supplemental disclosure of cash flow information:</b>				
Cash paid for income taxes	4,861	4,531	5,704	99.0
Cash paid for acquisitions	4	398	918	15.9
Interest paid	322	264	208	3.6
<b>Non-cash investing activities:</b>				
Change in accounts payable for property and equipment	(162)	(230)	38	0.7
Settlement of investments in relation to purchases of intangible assets	—	—	173	3.0
Fair value of contingent consideration included in purchase price at acquisition	4	341	—	151
	—	—	151	2.6

\* In Q1 2017, Yandex elected to early adopt Accounting Standards Update ("ASU") No. 2016-18—Statement of Cash Flows (Topic 230): Restricted Cash, which provided revised guidance on the classification and presentation of restricted cash in the statement of cash flows on a retrospective basis. Prior periods have been adjusted accordingly (see Note 2).

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

## YANDEX N.V.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

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

	Priority Share Issued and Outstanding		Ordinary Shares Issued and Outstanding		Treasury shares at cost	Additional Paid-In Capital	Accumulated Other Comprehensive Income(Loss)	Retained Earnings	Total	Redeemable non- controlling interests
	Shares	Amount RUB	Shares	Amount RUB						
<b>Balance as of January 1, 2015</b>	<b>1</b>	<b>—</b>	<b>317,643,670</b>	<b>182</b>	<b>(14,179)</b>	<b>16,192</b>	<b>1,823</b>	<b>52,518</b>	<b>55,736</b>	<b>—</b>
Share-based compensation expense	—	—	—	—	—	2,718	—	—	2,718	—
Exercise of share options (Note 15)	—	—	1,608,501	—	—	166	—	—	166	—
Class B shares conversion	—	—	—	(107)	—	107	—	—	—	—
Reissue of shares for options exercised	—	—	—	—	1,648	(1,648)	—	—	—	—
Repurchase of convertible debt	—	—	—	—	—	(307)	—	—	(307)	—
Windfall tax benefit	—	—	—	—	—	29	—	—	29	—
Foreign currency translation adjustment	—	—	—	—	—	—	2,076	—	2,076	—
Net income	—	—	—	—	—	—	—	9,679	9,679	—
<b>Balance as of December 31, 2015</b>	<b>1</b>	<b>—</b>	<b>319,252,171</b>	<b>75</b>	<b>(12,531)</b>	<b>17,257</b>	<b>3,899</b>	<b>62,197</b>	<b>70,097</b>	<b>—</b>
Share-based compensation expense	—	—	—	—	—	3,422	—	—	3,422	—
Exercise of share options (Note 15)	—	—	3,364,769	—	—	435	—	—	435	—
Tax withholding related to exercise of share awards	—	—	—	—	—	(24)	—	—	(24)	—
Class B shares conversion	—	—	—	209	—	(209)	—	—	—	—
Reissue of shares for options exercised	—	—	—	—	4,163	(4,163)	—	—	—	—
Repurchase of convertible debt	—	—	—	—	—	(113)	—	—	(113)	—
Windfall tax benefit	—	—	—	—	—	(29)	—	—	(29)	—
Foreign currency translation adjustment	—	—	—	—	—	—	(2,203)	—	(2,203)	—
Net income / (loss)	—	—	—	—	—	—	—	6,798	6,798	(15)
Decrease in ownership in subsidiaries	—	—	—	—	—	3	—	—	3	21
Change in redemption value of redeemable noncontrolling interests	—	—	—	—	—	—	—	(1,300)	(1,300)	1,300
<b>Balance as of December 31, 2016</b>	<b>1</b>	<b>—</b>	<b>322,616,940</b>	<b>284</b>	<b>(8,368)</b>	<b>16,579</b>	<b>896</b>	<b>67,695</b>	<b>77,086</b>	<b>1,506</b>
Share-based compensation expense	—	—	—	—	—	4,193	—	—	4,193	—
Exercise of share options (Note 15)	—	—	3,687,902	—	—	335	—	—	335	—
Tax withholding related to exercise of share awards	—	—	—	—	—	(85)	—	—	(85)	—
Class B shares conversion	—	—	—	(13)	—	13	—	—	—	—
Reissue of shares for options exercised	—	—	—	—	4,554	(4,554)	—	—	—	—
Repurchase of convertible debt	—	—	—	—	—	(12)	—	—	(12)	—
Foreign currency translation adjustment	—	—	—	—	—	—	968	—	968	—
Net income / (loss)	—	—	—	—	—	—	—	8,776	8,776	(120)
Change in redemption value of redeemable noncontrolling interests	—	—	—	—	—	—	—	(8,435)	(8,435)	8,435
<b>Balance as of December 31, 2017</b>	<b>1</b>	<b>—</b>	<b>326,304,842</b>	<b>271</b>	<b>(3,814)</b>	<b>16,469</b>	<b>1,864</b>	<b>68,036</b>	<b>82,826</b>	<b>9,821</b>
<b>Balance as of December 31, 2017, \$</b>	<b>—</b>	<b>—</b>	<b>(66.2)</b>	<b>4.7</b>	<b>(66.2)</b>	<b>285.9</b>	<b>32.3</b>	<b>1,181.2</b>	<b>1,437.9</b>	<b>178.5</b>

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

YANDEX N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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

**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.

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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The accompanying consolidated financial statements differ from the financial statements prepared by the group’s individual legal entities for statutory purposes in that they reflect certain adjustments, not recorded in the accounting records of the group’s individual legal entities, which are appropriate to present the financial position, results of operations and cash flows in accordance with U.S. GAAP. Distributable retained earnings of the Company are based on amounts reported in statutory accounts of individual entities and may significantly differ from amounts calculated on the basis of U.S. GAAP.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the parent company and the entities it controls. All inter-company transactions and balances within the Company have been eliminated upon consolidation.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates. The most significant estimates relate to fair values of financial instruments, income taxes, impairment assessments of goodwill and intangible assets, useful lives of property and equipment and intangible assets, contingencies, fair values of share-based awards, and accounts receivable allowance. 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.

**Reclassifications and changes in presentation**

In the first quarter of 2017, Yandex elected to early adopt an ASU “Statement of Cash Flows: Restricted Cash”, which provided revised guidance on the classification and presentation of restricted cash in the statement of cash flows on a retrospective basis. Prior periods have been adjusted accordingly. The effect of the reclassifications is presented below:

## YANDEX N.V.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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

*Consolidated Statements of Cash flows*

	<u>2015</u>	<u>2016</u>
	RUB	RUB
CASH FLOWS FROM OPERATING ACTIVITIES:		
Prepaid expenses and other assets	(21)	(163)
Accounts payable and accrued liabilities	(180)	—
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Escrow cash deposit	(58)	—
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Payment for contingent consideration	(188)	(528)
Effect of exchange rate changes on cash and cash equivalents	336	(121)
Net change in cash and cash equivalents	(111)	(812)
Cash and cash equivalents at beginning of period	1,501	1,390
Cash and cash equivalents at end of period	1,390	578

Also certain reclassifications have been made to the prior years' consolidated balance sheets and consolidated statements of income due to aggregation/separation of certain line items.

*Consolidated Balance Sheets*

	<u>2016</u>
	RUB
Restricted cash, non-current	(442)
Other non-current assets	442

*Consolidated Statements of Income*

In 2015 and 2016 interest expense was netted against interest income, starting 2017 interest expense is presented as a separate line in the consolidated statements of income.

	<u>2015</u>	<u>2016</u>
	RUB	RUB
Interest income	3,037	2,863
Interest expense	(1,293)	(1,208)
Interest income, net	1,744	1,655

*Other*

In 2017, the Company changed the presentation of the effective income tax rate reconciliation from 20% in prior years to the Dutch statutory rate of 25% (see Note 10).

**Foreign Currency Translation**

The functional currency of the Company's parent company is the U.S. dollar. The functional currency of the Company's operating subsidiaries is generally the respective local currency. The Company has elected the Russian ruble as its reporting currency. All balance sheet items are translated into Russian rubles based on the exchange rate on the

YANDEX N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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

balance sheet date and revenue and expenses are translated at monthly weighted average rates of exchange. Translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income. Foreign exchange transaction gains and losses are included in other income/ (loss), net in the accompanying consolidated statements of income.

**Convenience Translation**

Translations of amounts from RUB into U.S. dollars for the convenience of the reader have been made at the exchange rate of RUB 57.6002 to \$1.00, the prevailing exchange rate as of December 31, 2017. No representation is made that the RUB amounts could have been, or could be, converted into U.S. dollars at such rate.

**Certain Risks and Concentrations**

The Company's revenues are principally derived from online advertising, the market for which is highly competitive and rapidly changing. Significant changes in this industry or changes in users' internet preferences or advertiser spending behavior could adversely affect the Company's financial position and results of operations.

In addition, the Company's principal business activities are within the Russian Federation. Laws and regulations affecting businesses operating in the Russian Federation are subject to frequent changes, which could impact the Company's financial position and results of operations.

Approximately half of the Company's revenue is collected on a prepaid basis; credit terms are extended to major sales agencies and to larger loyal clients. Accounts receivable are typically unsecured and are primarily derived from revenues earned from customers located in the Russian Federation.

No individual customer or groups of affiliated customers represented more than 10% of the Company's revenues or accounts receivable in 2015, 2016 and 2017.

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist, in addition to accounts receivable, primarily of cash, cash equivalents, debt securities and term deposits. The primary focus of the Company's treasury strategy is to preserve capital and meet liquidity requirements.

The Company's treasury policy addresses the level of credit exposure by working with different geographically diversified banking institutions, subject to their conformity to an established minimum credit rating for banking relationships. To manage the risk exposure, the Company maintains its portfolio of investments in a variety of term deposits, highly-rated debt instruments issued by financial institutions and money market funds.

**Revenue Recognition**

The Company recognizes revenues when the services have been rendered, the price is fixed or determinable, persuasive evidence of an arrangement exists, and collectability is reasonably assured. Revenue is recorded net of value added tax ("VAT").

The Company's principal revenue streams and their respective accounting treatments are discussed below:

**Online Advertising Revenues**

The Company's advertising revenue is generated from serving online ads on its own websites and on Yandex ad network members' websites. Advance payments received by the Company from advertisers are recorded as deferred

YANDEX N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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

revenue on the Company's consolidated balance sheet and recognized as advertising revenues in the period services are provided.

Advertising sales commissions and bonuses that are paid to agencies are accounted for as an offset to revenues and amounted to RUB 4,113, RUB 5,633 and RUB 7,375 (\$128.0) in 2015, 2016 and 2017, respectively.

In accordance with U.S. GAAP, the Company reports advertising revenue gross of fees paid to Yandex ad network members, because the Company is the primary obligor to its advertisers and retains collection risk. The Company records fees paid to ad network members as traffic acquisition costs, a component of cost of revenues.

The Company recognizes online advertising revenue based on the following principles:

The Company's Yandex.Direct service offers advertisers the ability to place performance-based ads on Yandex and Yandex ad network member websites targeted to users' search queries or website content. The Company recognizes as revenues fees charged to advertisers as "click-throughs" occur. A "click-through" occurs each time a user clicks on one of the performance-based ads that are displayed next to the search results or on the content pages of Yandex or Yandex ad network members' websites. The Company's Yandex.Market services are priced on a cost-per-click (CPC) basis, similar to Yandex.Direct. Yandex.Market also operates on a take-rate-based model.

The Company recognizes revenue from brand advertising on its websites and on Yandex ad network member websites as "impressions" are delivered. An "impression" is delivered when an advertisement appears on pages viewed by users.

**Other Revenue**

The Company's other revenue primarily consists of commissions for providing ride-sharing services related to the Company's Yandex.Taxi service. The Company recognizes other revenue in the period the services are provided to the users. For ride-sharing services provided to individual transportation services users, the Company is not a primary obligor and reports only Yandex.Taxi's commission fees as revenue. For services provided to corporate transportation services clients the Company acts as the primary obligor and revenue and related costs are recorded gross. Promotional discounts to users and minimum fare guarantees are netted against revenues. In case such discounts and minimum fare guarantees exceed the related revenues, the excess is presented in sales, general and administrative expenses in the consolidated statements of income.

The Company recorded RUB 9,737 (\$169.0) of promotional discounts to users and minimum fare guarantees in 2017 (RUB 2,383 in 2016), of which RUB 4,606 (\$80.0) (RUB 592 in 2016) were netted against revenues and RUB 5,131 (\$89.1) (RUB 1,791 in 2016) were presented in sales, general and administrative expenses.

**Cost of Revenues**

Cost of revenues primarily consists of traffic acquisition costs. Traffic acquisition costs consist of amounts ultimately paid to Yandex ad network members and to certain other partners ("distribution partners") who distribute the Company's products or otherwise direct search queries to the Company's websites. These amounts are primarily based on revenue-sharing arrangements with ad network members and distribution partners. Traffic acquisition costs are expensed as incurred. Cost of revenues also includes expenses associated with the operation of the Company's data centers, including personnel costs, rent, utilities and bandwidth costs; as well as content acquisition costs and other cost of revenues.

YANDEX N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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

**Product Development Expenses**

Product development expenses consist primarily of personnel costs incurred for the development of, enhancement to and maintenance of the Company's search engine and other Company's websites and technology platforms. Product development expenses also include rent and utilities attributable to office space occupied by development staff.

Software development costs, including costs to develop software products, are expensed before technological feasibility is reached. Technological feasibility is typically reached shortly before the release of such products and as a result, development costs that meet the criteria for capitalization were not material for the periods presented.

**Advertising and Promotional Expenses**

The Company expenses advertising and promotional costs in the period in which they are incurred. For the years ended December 31, 2015, 2016 and 2017, promotional and advertising expenses totaled approximately RUB 2,738, RUB 7,132 and RUB 13,054 (\$226.6), respectively.

**Government Funds Contributions**

The Company makes contributions to governmental pension, medical and social funds on behalf of its employees. In Russia, the amount was calculated using a regressive rate (from 14% to 4% for accredited IT outsourcing providers and from 30% to 15% for other companies in 2017 and from 30% to 15% for all companies in 2015 and 2016) based on the annual compensation of each employee. These contributions are expensed as incurred.

**Share-Based Compensation**

The Company grants share options, share appreciation rights ("SARs"), restricted share units ("RSUs") and business unit equity awards (together, "Share-Based Awards") to its employees and consultants.

The Company estimates the fair value at the grant date of share options, SARs and business unit equity awards that are expected to vest using the Black-Scholes-Merton ("BSM") pricing model and recognizes the fair value on a straight-line basis over the requisite service period. The fair value of RSUs is measured based on the fair market values of the underlying share on the dates of grant.

The assumptions used in calculating the fair value of Share-Based Awards represent the Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, the Company's share-based compensation expense could be materially different in the future. In particular, before the fourth quarter of 2016 the Company was required to estimate the probability that performance conditions that affect the vesting of certain awards would be achieved, and only recognized expense for those shares expected to vest. Starting from the fourth quarter of 2016 the Company accounts for forfeitures as they occur.

Cancellation of an award accompanied by the concurrent grant of a replacement award is accounted for as a modification of the terms of the cancelled award ("modification awards"). The compensation costs associated with the modification awards are recognized if either the original vesting condition or the new vesting condition has been achieved. Such compensation costs cannot be less than the grant-date fair value of the original award. The incremental compensation cost is measured as the excess of the fair value of the replacement award over the fair value of the cancelled award at the cancellation date. Therefore, in relation to the modification awards, the Company recognizes share-based compensation over the vesting periods of the new awards, which comprises (1) the amortization of the incremental portion of share-based compensation over the remaining vesting term and (2) any unrecognized

YANDEX N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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

compensation cost of the original award, using either the original term or the new term, whichever is higher for each reporting period.

**Income Taxes**

The current provision for income tax is calculated as the estimated amount expected to be recovered from or paid to the tax authorities based on the taxable income for the period. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including operating loss and carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as non-current. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. In making such a determination, management consider all available evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations.

The tax benefits of uncertain income tax positions are recognized in the financial statements if it is more likely than not that they will be sustained on audit by the tax authorities, including resolution of related appeals or litigation processes, if any.

Recognized tax benefits are measured as the largest amount that is greater than 50% likely of being realized upon settlement.

The Company recognizes interest and penalties related to unrecognized tax benefits within the provision for income taxes line in the consolidated statements of income. Accrued interest and penalties are presented in the consolidated balance sheets within other accrued liabilities, non-current or accounts payable and accrued liabilities together with unrecognized tax benefits based on the timing of expected resolution.

**Comprehensive Income**

Comprehensive income is defined as the change in equity during a period from non-owner sources. U.S. GAAP requires the reporting of comprehensive income in addition to net income. Comprehensive income of the Company includes net income and foreign currency translation adjustments. For the years ended December 31, 2015, 2016 and 2017 total comprehensive income included, in addition to net income, the effect of translating the financial statements of the Company's legal entities domiciled outside of Russia from these entities' functional currencies into Russian rubles.

Accumulated other comprehensive income of RUB 896 as of December 31, 2016 and RUB 1,864 (\$32.3) as of December 31, 2017 solely comprises cumulative foreign currency translation adjustment.

**Redeemable Noncontrolling Interests**

Ownership interests in the Company's consolidated subsidiaries held by the senior employees of these subsidiaries are considered redeemable as according to the terms of the business unit equity awards the employees have the right to redeem their interests for cash. Accordingly, such redeemable noncontrolling interests have been presented as mezzanine equity in the consolidated balance sheets.



YANDEX N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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

**Fair Value of Financial Instruments**

Financial instruments carried on the balance sheet include cash and cash equivalents, term deposits, restricted cash, investments in debt and equity securities, accounts receivable, loans to employees, accounts payable, accrued liabilities and convertible debt. The carrying amounts of cash and cash equivalents, short-term deposits, current restricted cash, accounts receivable, accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of those instruments.

**Term Deposits**

Bank deposits are classified depending on their original maturity as (i) cash and cash equivalents if the original maturities are three months or less; (ii) current term deposits if the original maturities are more than three months, but no more than one year; and (iii) non-current term deposits if the original maturities are more than one year.

**Investments in Debt Securities**

The Company's investments in debt securities as of December 31, 2016 are classified as held to maturity and are measured and presented at amortized cost, except for credit-linked notes (Notes 5, 7), which are measured and presented at fair value. The interest related to investments in debt securities is reported as a part of interest income in the consolidated statements of income.

**Investments in Equity Securities**

Investments in the stock of entities in which the Company can exercise significant influence but does not own a majority equity interest or otherwise control are accounted for using the equity method. The Company records its share of the results of these companies within the other income/(loss), net line on the consolidated statements of income. Investments in the non-marketable stock of entities in which the Company can exercise little or no influence are accounted for using the cost method. Both equity and cost method accounted investments are included in investments in non-marketable equity securities line on the consolidated balance sheets.

The Company reviews its investments in equity securities for other-than-temporary impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. Investments identified as having an indication of impairment are subject to further analysis to determine if the impairment is other-than-temporary and this analysis requires estimating the fair value of the investment. The determination of fair value of the investment involves considering factors such as current economic and market conditions, the operating performance of the companies including current earnings trends and forecasted cash flows, and other company and industry specific information. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded to other income, net and a new cost basis in the investment is established.

**Variable Interest Entities**

Entities that do not have sufficient equity at risk to allow the entity to finance its activities without additional financial support or in which the equity investors, as a group, do not have the characteristic of a controlling financial interest are referred to as variable interest entities ("VIE"). A VIE is consolidated by the variable interest holder that is determined to have the controlling financial interest (primary beneficiary) as a result of having both the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. The Company determines whether it is the primary beneficiary of an entity subject to consolidation based on a qualitative assessment of the VIE's capital structure, contractual terms, nature of the VIE's operations and purpose, and the Company's relative exposure to

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the related risks of the VIE on the date it becomes initially involved in the VIE. The Company reassesses its VIE determination with respect to an entity on an ongoing basis.

As of December 31, 2016 and 2017, the Company held interests in a third party, Edadeal, a Russian limited liability company ("Edadeal") through loans and 10% equity investments. Edadeal is primarily financed by the Company's loans and operates an application for grocery shopping offers, coupons and cashback. The Company has treated Edadeal as a VIE since Edadeal does not have sufficient equity at risk. The Company has determined that it should not consolidate Edadeal as it is not the primary beneficiary and lacks power through voting or similar rights to direct the activities that most significantly affect Edadeal's economic performance. The Company's investments related to Edadeal included in investments in non-marketable equity securities and loans granted to third parties (Note 5) totaled RUB 194 and RUB 361 (\$6.3) as of December 31, 2016 and 2017, respectively, representing the Company's maximum exposure to loss.

**Accounts Receivable, Net**

Accounts receivable are stated at their net realizable value. The Company provides an allowance for doubtful accounts based on management's periodic review for recoverability of accounts receivable from customers and other receivables. The Company evaluates the collectability of its receivables based upon various factors, including the financial condition and payment history of major customers, an overall review of collections experience of other accounts and economic factors or events expected to affect the Company's future collections.

**Property and Equipment**

Property and equipment are recorded at cost and depreciated over their useful lives. Capital expenditures incurred before property and equipment are ready for their intended use are capitalized as assets not yet in use.

Depreciation is computed under the straight-line method using estimated useful lives as follows:

	<b>Estimated useful lives</b>
Servers and network equipment	3.0 years
Infrastructure systems	3.0 - 10.0 years
Office furniture and equipment	3.0 years
Buildings	10.0 - 20.0 years
Leasehold improvements	the shorter of 5.0 years or the remaining period of the lease term
Other equipment	3.0 - 5.0 years

Land is not depreciated.

Depreciation of assets included in assets not yet in use commences when they are ready for the intended use.

**Goodwill and Intangible Assets**

Goodwill represents the excess of purchase consideration over the Company's share of fair value of the net assets of acquired businesses. During the measurement period, which may be up to one year from the acquisition date, the Company may prospectively apply adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Goodwill is not subject to amortization but is tested for impairment at least annually.

The Company performs a qualitative assessment to determine whether further impairment testing on goodwill is necessary. If the Company believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, a quantitative impairment test is required. Otherwise, no further

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testing is required. The quantitative impairment test is performed by comparing the carrying value of each reporting unit's net assets (including allocated goodwill) to the fair value of those net assets. If the reporting unit's carrying amount is greater than its fair value, the Company recognizes a goodwill impairment charge for the amount by which the carrying value of a reporting unit exceeds its fair value. The Company did not recognize any goodwill impairment for the years ended December 31, 2016 and 2017; in 2015 the Company recognized impairment of RUB 576 related to its earlier KinoPoisk acquisition (Note 9).

The Company amortizes intangible assets using the straight-line method and estimated useful lives of assets ranging from 1 to 10 years, with a weighted-average life of 5.1 years:

	Estimated useful lives
Acquisition-related intangible assets:	
Content and software	1.0-10.0 years
Customer relationships	2.0-10.0 years
Patents and licenses	6.8 years
Non-compete agreements	2.0-5.0 years
Trade names and domain names	2.0-10.0 years
Workforce	4.0 years
Other technologies and licenses	the shorter of 5.0 years or the underlying license terms

**Impairment of Long-lived Assets Other Than Goodwill**

The Company evaluates the carrying value of long-lived assets other than goodwill for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. When such a determination is made, management's estimate of undiscounted cash flows to be generated by the assets is compared to the carrying value of the assets to determine whether impairment is indicated. If impairment is indicated, the amount of the impairment recognized in the consolidated financial statements is determined by estimating the fair value of the assets and recording a loss for the amount by which the carrying value exceeds the estimated fair value. This fair value is usually determined based on estimated discounted cash flows.

**Recently Adopted Accounting Pronouncements**

In the first quarter of 2017, the Company early adopted an ASU which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows. The amendment should be adopted retrospectively. The adoption of this ASU did not have a material effect on the Company's consolidated financial statements.

Effective December 31, 2017, the Company early adopted an ASU that clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new standard was applied on a prospective basis. The adoption of this ASU did not have a material effect on the Company's consolidated financial statements.

Effective December 31, 2017, the Company early adopted an ASU that simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The new standard was applied on a prospective basis. The adoption of this ASU did not have a material effect on the Company's consolidated financial statements.

Effective December 31, 2017, the Company early adopted an ASU that amended the scope of modification accounting for share-based payment arrangements and provides guidance on the types of changes to the terms or

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conditions of share-based payment awards. The new standard was applied on a prospective basis. The adoption of this ASU did not have a material effect on the Company's consolidated financial statements.

**Effect of Recently Issued Accounting Pronouncements**

In May 2014, the FASB issued an ASU on revenue from contracts with customers that will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new guidance (i) removes inconsistencies, and weaknesses in revenue requirements, (ii) provides a more robust framework for addressing revenue issues, (iii) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (iv) provides more useful information to users of financial statements through improved disclosure requirements, and (v) simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. Following amendments in August 2015, the guidance is effective for annual reporting periods beginning after December 15, 2017 including interim periods within that reporting period. The amendments to this guidance issued in March 2016 clarify the implementation guidance on principal versus agent considerations (reporting revenue gross versus net). The Company adopted the standard using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. The cumulative effect of initially applying the standard is recorded as an adjustment to opening retained earnings as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting under Topic 605. The adoption of ASU 2014-09 did not have a material impact on the Company's consolidated financial position, results of operations, equity or cash flows as of the adoption date or for the year ended December 31, 2017.

In January 2016, the FASB issued an ASU amending the guidance on the classification and measurement of financial instruments. Although the guidance retains many current requirements, it significantly revises accounting for (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. The ASU also amends certain disclosure requirements associated with the fair value of financial instruments. The adoption of this guidance is effective for reporting periods beginning on or after December 15, 2017 with early adoption permitted for certain provisions of the ASU. The Company is currently evaluating the impact of the new guidance and the method of adoption.

In February 2016, the FASB issued an ASU on accounting for leases which introduces a model that brings most leases on the lessee's balance sheet. The amendments are effective for annual reporting periods beginning after December 15, 2018, including interim periods within those annual reporting periods. Early adoption is permitted. The Company anticipates that the adoption of new standard will materially affect the consolidated balance sheets. The Company is currently evaluating the impact of the new guidance and the method of adoption. Further in January 2018, the FASB has issued an ASU which permits an entity to elect an optional transition practical expedient to not evaluate under new Topic "Leases" land easements that exist or expired before the entity's adoption of new Topic "Leases" and that were not previously accounted for as leases under current Topic "Leases". This ASU is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. The Company currently anticipates adopting the standard effective January 1, 2019, and is currently evaluating the effect that the guidance will have on the consolidated financial statements and related disclosures.

In June 2016, the FASB issued an ASU which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost to be presented at the net amount expected to be collected. The ASU is effective for reporting periods beginning after December 15, 2019. Early adoption is permitted for reporting periods beginning after December 15, 2018. The Company is currently evaluating the effect that this guidance will have on the consolidated financial statements and related disclosures.

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In October 2016, the FASB issued an ASU which requires the Company to recognize the income-tax consequences of an intra-entity transfer of an asset other than inventory, when the transfer occurs. The ASU is effective for reporting periods beginning after December 15, 2017, with early adoption permitted. The amendments in this ASU should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is currently evaluating the effect that this guidance will have on the consolidated financial statements and related disclosures.

In February 2017, the FASB issued an ASU that clarifies the scope of the derecognition of nonfinancial assets and provides guidance for the partial sales of nonfinancial assets in context of the new revenue standard. The ASU is effective for reporting periods beginning after December 15, 2017, with early adoption permitted. The Company currently anticipates adopting the standard effective January 1, 2018, and is currently evaluating the effect that the guidance will have on the consolidated financial statements and related disclosures.

In May 2017, the FASB issued an update to clarify when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. This ASU is effective for reporting periods beginning after December 15, 2017, with early adoption permitted. The Company currently anticipates adopting the standard effective January 1, 2018, and is currently evaluating the effect that the guidance will have on the consolidated financial statements and related disclosures.

In July 2017, the FASB issued an ASU which makes limited changes to the Board's guidance on classifying certain financial instruments as either liabilities or equity. The ASU's objective is to improve (1) the accounting for instruments with "down-round" provisions and (2) the readability of the guidance in ASC Distinguishing Liabilities From Equity, on distinguishing liabilities from equity by replacing the indefinite deferral of certain pending content with scope exceptions. This ASU is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. The Company currently anticipates adopting the standard effective January 1, 2019, and is currently evaluating the effect that the guidance will have on the consolidated financial statements and related disclosures.

In August 2017, the FASB issued amendments to hedge accounting intended to better align a company's risk management strategies and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and presentation of hedge results. The amendments expand and refine accounting for both nonfinancial and financial risk components and align the recognition and presentation of the effects of the hedging instrument and hedged item in the financial statements. This ASU is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. The Company currently anticipates adopting the standard effective January 1, 2019, and is currently evaluating the effect that the guidance will have on the consolidated financial statements and related disclosures.

In September 2017, the FASB has issued an ASU "Revenue Recognition", ASU "Revenue from Contracts with Customers" and ASU "Leases": Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments." This ASU is effective upon adoption of ASC "Revenue from Contracts with Customers" and ASC "Leases". The Company is still in the process of evaluating the impact of adopting this new accounting standard on its financial statements and related disclosures.

In November 2017, the FASB has issued an ASU that amends various paragraphs in ASC "Income Statement – Reporting Comprehensive Income", ASC "Revenue Recognition" and ASC "Revenue from Contracts with Customers" that contain SEC guidance. This ASU is effective for reporting periods beginning after December 15, 2017, with early adoption permitted. The Company currently anticipates adopting the standard effective January 1, 2018, and is currently evaluating the effect that the guidance will have on the consolidated financial statements and related disclosures.

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In February 2018, the FASB issued an ASU that amending the guidance on the reclassification of certain tax effects from accumulated other comprehensive income in ASC “Income Statement – Reporting Comprehensive Income”. The ASU required a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the newly enacted federal corporate income tax rate as a result of the Tax Cuts and Jobs Act. The amount of the reclassification is the difference between the historical corporate income tax rate and the newly enacted twenty-one percent corporate income tax rate. The ASU is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. The Company currently anticipates adopting the standard effective January 1, 2018, and is currently evaluating the impact that the guidance will have on the consolidated financial statements.

In February 2018, the FASB issued an ASU “Technical Corrections and Improvements to Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities”. This ASU was issued to clarify certain narrow aspects of guidance concerning the recognition of financial assets and liabilities established in ASU “Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities”. This includes an amendment to clarify that an entity measuring an equity security using the measurement alternative may change its measurement approach to a fair valuation method in accordance with Topic “Fair Value Measurement”, through an irrevocable election that would apply to that security and all identical or similar investments of the same issued. This ASU is effective for reporting periods beginning after December 15, 2017 and interim periods within those fiscal years beginning after June 15, 2018. The Company is currently evaluating the impact of the new guidance and the method of adoption.

**3. NET INCOME PER SHARE**

Basic net income per Class A and Class B ordinary share for the years ended December 31, 2015, 2016 and 2017 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 the outstanding 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 shares. The net income per share amounts are the same for Class A and Class B shares 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 anti-dilutive for the years ended December 31, 2015, 2016 and 2017, was 4,652,546, 2,362,417 and 1,862,125, respectively. The effects of Business Unit Equity Awards were excluded from the diluted net income per ordinary share computation for the years ended December 31, 2015 and 2016, because the effects were anti-dilutive. The effects of Business Unit Equity Awards were excluded from the diluted net income per ordinary share computation for the year ended December 31, 2017, because the effects were not significant.

The Company’s outstanding convertible debt provides for a flexible settlement feature. The Company intends to settle upon conversion the principal amount of the debt for cash and the conversion premium for Class A shares. The convertible debt is included in the calculation of diluted net income per share if its inclusion is dilutive under the treasury stock method. The convertible debt was anti-dilutive in the years ended December 31, 2015, 2016 and 2017.

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

	Year ended December 31,									
	2015		2016		2017		2017		2017	
	Class A RUB	Class B RUB	Class A RUB	Class B RUB	Class A RUB	Class A \$	Class B RUB	Class B \$	Class B RUB	Class B \$
Net income, allocated for basic	7,992	1,687	5,825	973	7,583	131.7	1,193	20.7	—	—
Reallocation of net income as a result of conversion of Class B to Class A shares	1,687	—	973	—	1,193	20.7	—	—	—	—
Reallocation of net income to Class B shares	—	11	—	(1)	—	—	(19)	(0.3)	—	—
Net income, allocated for diluted	9,679	1,698	6,798	972	8,776	152.4	1,174	20.4	—	—
Weighted average ordinary shares outstanding—basic	263,033,597	55,508,290	274,863,606	45,925,361	280,586,437	280,586,437	44,161,451	44,161,451	—	—
Divutive effect of:										
Conversion of Class B to Class A shares	55,508,290	—	45,925,361	—	44,161,451	44,161,451	—	—	—	—
Share-based Awards	5,171,550	1,258,731	5,347,982	694,042	6,496,073	6,496,073	146,027	146,027	—	—
Weighted average ordinary shares outstanding—diluted	323,713,437	56,767,021	326,136,949	46,619,403	331,243,961	331,243,961	44,307,478	44,307,478	—	—
Net income per share attributable to ordinary shareholders:										
Basic	30.39	30.39	21.19	21.19	27.02	0.47	27.02	0.47	—	—
Diluted	29.90	29.90	20.84	20.84	26.49	0.46	26.49	0.46	—	—

## 4. BUSINESS COMBINATIONS AND INVESTMENT TRANSACTIONS

## Acquisitions in 2017

## Shkulev

In June 2017, the Company completed the acquisition of assets and assumption of liabilities of Hearst Shkulev Digital LLC ("Shkulev"), one of the biggest regional auto classifieds with the leading position in Sverdlovsk and Chelyabinsk regions of the Russian Federation, for a cash consideration of RUB 401 (\$7.0), including a contingent consideration of RUB 52 (\$0.9), subject to successful technical integration and client base transition. The Company accounted for the acquisition as a business combination.

Set out below is the condensed balance sheet of Shkulev as of June 28, 2017, reflecting an allocation of the purchase price to net assets acquired:

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	June 28, 2017
	RUB
<b>ASSETS:</b>	
Intangible assets	59
Deferred tax assets	68
Goodwill	274
<b>Total assets</b>	<b>401</b>
Net assets	401
<b>Total purchase consideration</b>	<b>401</b>

The RUB 274 (\$4.8) assigned to goodwill is attributable to the Classifieds reportable segment and primarily arises due to specific synergies that result from convergence with other vertical aggregators developed by the Company and the Company's distribution capabilities. Of the RUB 59 (\$1.0) assigned to intangible assets, approximately RUB 22 (\$0.4) relates to software and website, RUB 12 (\$0.2) domain name and trademark, RUB 10 (\$0.2) relates to customer relationships and RUB 15 (\$0.2) represents non-compete agreements.

The results of operations of Shkulev for the period prior to acquisition would not have had a material impact on the Company's results of operations for the years ended December 31, 2016 and 2017. Accordingly, no pro forma financial information is presented. The results of operations of Shkulev did not have a material impact on the Company's results of operations for the year ended December 31, 2017.

**FoodFox**

In December 2017, the Company completed the acquisition of a 100% ownership interest in Deloam Management Limited and its subsidiary ("FoodFox"). FoodFox is one of the leading food delivery operators in Moscow. The primary purpose of the acquisition of FoodFox was to enlarge the range of services provided by the Company. The fair value of consideration transferred totaled RUB 595 (\$10.3) and consisted of cash consideration of RUB 541 (\$9.4) and deferred consideration of RUB 54 (\$0.9). The deferred consideration arrangement requires the Company to pay the additional cash consideration to FoodFox's former shareholders and convertible debt holders, when certain legal conditions are being met within one-year period.

Set out below is the condensed balance sheet of FoodFox as of December 22, 2017, reflecting an allocation of the purchase price to net assets acquired:



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	December 31, 2017
	RUB
<b>ASSETS:</b>	
Intangible assets	82
Goodwill	639
Other current assets	25
<b>Total assets</b>	<b>746</b>
<b>LIABILITIES:</b>	
Current liabilities	20
Other non-current liabilities	115
Deferred tax liabilities	16
<b>Total liabilities</b>	<b>151</b>
Net assets	595
<b>Total purchase consideration</b>	<b>595</b>

The RUB 639 (\$11.1) assigned to goodwill is attributable to the Taxi reportable segment and primarily arises due to expected synergies and the assembled workforce of FoodFox that does not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes. As of 31 December 2017, there were no changes in the recognized amount of goodwill resulting from the acquisition of FoodFox. Of the RUB 82 (\$1.4) assigned to intangible assets, approximately RUB 63 (\$1.1) relates to software that will be amortized over a period of 5.0 years. The remaining RUB 19 (\$0.3) was assigned to client relationships.

The results of operations of FoodFox for the period prior to acquisition would not have had a material impact on the Company's results of operations for the year ended December 31, 2016. Accordingly, no pro forma financial information is presented.

The pro forma consolidated income statement as if had been included in the consolidated results of the Company for the year ending December 31, 2017, would include revenue in the amount of RUB 104 (\$1.8) and net loss in the amount of RUB 409 (\$7.1). These amounts have been calculated after applying the Company's accounting policies and adjusting the results of FoodFox to reflect the additional amortization that would have been charged assuming the fair value adjustments to intangible assets had been applied on January 1, 2017, together with the consequential tax effects.

The results of operations of FoodFox after acquisition for the period since December 22, 2017 to December 31, 2017 did not have a material impact on the Company's results of operations for the year ended December 31, 2017.

**Other**

During the year ended December 31, 2017, the Company completed another acquisition for total consideration of approximately RUB 66 (\$1.1). In aggregate, RUB 30 (\$0.5) was attributed to intangible assets, RUB 29 (\$0.5) was attributed to goodwill and RUB 7 (\$0.1) was attributed to deferred tax assets. Goodwill is attributable to the Classifieds reportable segment and primarily arises due to specific synergies that result from convergence with other vertical aggregators developed by the Company and the Company's distribution capabilities.

**Acquisitions in 2016**

The Company did not complete any business combinations in 2016.

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## Acquisitions in 2015

## RosTaxi

In January 2015, the Company completed the acquisition of assets and assumption of liabilities of RosTaxi ("RosTaxi"), operator of a taxi fleet management application, for cash consideration of up to RUB 500, including a deferred payment of up to RUB 380, subject to successful technical integration and client base transition, and contingent consideration of up to RUB 500 payable in the Company's ordinary shares depending on the number of qualifying taxi trips through the third anniversary of the closing. During 2015, 2016, 2017 and in January 2018 deferred payments in the amount of RUB 50, RUB 65, RUB 195 (\$3.4) and RUB 70 (\$1.2), respectively, were paid. Contingent consideration depending on the number of qualifying taxi trips has been settled in full in February, 2018 (Note 18). The acquisition was accounted for as a business combination.

Set out below is the condensed balance sheet of RosTaxi as of January 15, 2015, reflecting an allocation of the purchase price to net assets acquired:

	January 15, 2015
	RUB
<b>ASSETS:</b>	
Intangible assets	114
Deferred tax assets	77
Goodwill	224
<b>Total assets</b>	<b>415</b>
Net assets	415
<b>Total purchase consideration</b>	<b>415</b>

The RUB 224 assigned to goodwill is attributable to the Taxi reportable segment and primarily arises due to specific synergies that result from convergence with the Company's technologies. Of the RUB 114 assigned to intangible assets, approximately RUB 93 relates to client relationships that will be amortized over a period of 5.0 years. The remaining RUB 21 assigned to intangible assets represents non-compete agreements of RUB 12 and software of RUB 9. The Company has not included in the purchase consideration the contingent payment of up to RUB 500 related to the number of qualifying taxi trips but instead recorded it as compensation expense on a straight-line basis as the sellers completed their requisite service periods.

The results of operations of RosTaxi for the period prior to acquisition would not have had a material impact on the Company's results of operations for the years ended December 31, 2014 and 2015. Accordingly, no pro forma financial information is presented. The results of operations of RosTaxi did not have a material impact on the Company's results of operations for the year ended December 31, 2015.

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**Agnitum**

In December 2015, the Company completed the acquisition of assets and assumption of liabilities of Agnitum Ltd ("Agnitum"), an antivirus protection developer, for cash consideration of RUB 120 and a deferred payment of up to RUB 80, including additional payments subject to the attainment of certain implementation and integration milestones of up to RUB 60 payable in cash and up to RUB 20 to be granted in the Company's RSUs. In 2016, a deferred payment in the amount of RUB 60 was paid in cash. The acquisition was accounted for as a business combination.

Set out below is the condensed balance sheet of Agnitum as of December 11, 2015, reflecting an allocation of the purchase price to net assets acquired:

	December 11, 2015
	RUB
<b>ASSETS:</b>	
Intangible assets	58
Deferred tax assets	12
Goodwill	50
<b>Total assets</b>	<b>120</b>
Net assets	120
<b>Total purchase consideration</b>	<b>120</b>

The RUB 50 assigned to goodwill is attributable to the Search and Portal reportable segment and primarily arises due to an assembled workforce that does not qualify for separate recognition and specific synergies that result from convergence with the Company's browser technologies. Of the RUB 58 assigned to intangible assets, approximately RUB 50 relates to software that will be amortized over a period of 1.0 - 3.0 years. The remaining RUB 8 assigned to intangible assets represents domain name and trademark.

The Company had not included in the purchase consideration the contingent cash payment of up to RUB 60 and contingent RSU grants up to RUB 20 to the sellers that were subject to attaining certain implementation and integration milestones. These were recorded as a compensation expense on a straight-line basis in 2016 as the sellers completed their requisite service periods.

The results of operations of Agnitum for the period prior to acquisition would not have had a material impact on the Company's results of operations for the years ended December 31, 2014 and 2015. Accordingly, no pro forma financial information is presented. The results of operations of Agnitum did not have a material impact on the Company's results of operations for the year ended December 31, 2015.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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5. CONSOLIDATED FINANCIAL STATEMENTS DETAILS

Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2016 and 2017 consisted of the following:

	2016	2017	2017
	RUB	RUB	\$
Cash	5,695	11,963	207.7
Cash equivalents:			
Bank deposits	22,521	30,686	532.7
Investments in money market funds	3	3	0.1
Other cash equivalents	13	10	0.2
<b>Total cash and cash equivalents</b>	<b>28,232</b>	<b>42,662</b>	<b>740.7</b>

Accounts Receivable, Net

Accounts receivable as of December 31, 2016 and 2017 consisted of the following:

	2016	2017	2017
	RUB	RUB	\$
Trade receivables	8,191	10,398	180.6
Allowance for doubtful accounts	(450)	(652)	(11.3)
<b>Total accounts receivable, net</b>	<b>7,741</b>	<b>9,746</b>	<b>169.3</b>

Movements in the allowance for doubtful accounts are as follows:

	2015	2016	2017	2017
	RUB	RUB	RUB	\$
Balance at the beginning of the period	132	295	450	7.8
Charges to expenses	182	211	243	4.2
Utilization	(19)	(56)	(41)	(0.7)
<b>Balance at the end of the period</b>	<b>295</b>	<b>450</b>	<b>652</b>	<b>11.3</b>

Other Current Assets

Other current assets as of December 31, 2016 and 2017 consisted of the following:

	2016	2017	2017
	RUB	RUB	\$
VAT reclaimable	1,014	882	15.4
Funds receivable	224	802	13.9
Interest receivable	268	763	13.2
Loans to employees	454	624	10.8
Restricted cash	136	549	9.5
Other receivables	66	184	3.2
Loans granted to third parties	100	53	0.9
Prepaid taxes	149	39	0.7
Receivables for disposed equity securities	267	—	—
Other	36	143	2.5
<b>Total other current assets</b>	<b>2,714</b>	<b>4,039</b>	<b>70.1</b>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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Restricted cash as of December 31, 2016 and as of December 31, 2017 consisted of the cash reserved in a special escrow account before lapse of the claim period for warranties received in relation to the acquisition of Auto.ru in the amount of nil and RUB 403 (\$7.0), respectively, of pledged cash in customs in the amount of RUB 128 and 138 (\$2.4) and other restricted cash in the total amount of RUB 8 and RUB 8 (\$0.1), respectively.

**Other Non-current Assets**

Other non-current assets as of December 31, 2016 and 2017 consisted of the following:

	2016	2017	2017
	RUB	RUB	\$
Loans to employees	1,129	1,492	26.0
Loans granted to third parties	847	849	14.7
VAT reclaimable	148	638	11.1
Loans granted to related parties (Note 17)	173	173	3.0
Interest receivable	27	43	0.7
Restricted cash	442	20	0.3
Other receivables	45	86	1.5
<b>Total other non-current assets</b>	<b>2,811</b>	<b>3,301</b>	<b>57.3</b>

Restricted cash as of December 31, 2016 and 2017 included the cash reserved in a special escrow account before lapse of the claim period for warranties received in relation to the acquisition of Auto.ru in the amounts of RUB 425 and nil and other restricted cash in the total amount of RUB 17 and RUB 20 (\$0.3), respectively.

The loans granted to third parties represent U.S. dollar and RUB-denominated loans bearing interest of up to 4% and up to 7% per annum, respectively, and maturing in 2019 – 2025 and a U.S. dollar loan bearing interest of 2% per annum and convertible in equity securities in 2018.

**Investments in Debt Securities**

Investments in debt securities as of December 31, 2016 and 2017 consisted of the following:

	2016	2017	2017
	RUB	RUB	\$
Credit-linked notes	3,033	—	—
<b>Total investments in debt securities</b>	<b>3,033</b>	<b>—</b>	<b>—</b>

**Investments in Non-Marketable Equity Securities**

Investments in non-marketable equity securities as of December 31, 2016 and 2017 consisted of the following:

	2016	2017	2017
	RUB	RUB	\$
Yandex.Money	832	1,206	20.9
Other	681	795	13.8
<b>Total investments in non-marketable equity securities</b>	<b>1,513</b>	<b>2,001</b>	<b>34.7</b>

Other includes limited partnership stakes in unaffiliated venture capital funds and minority investments in unaffiliated technology companies in the amount of RUB 589 and RUB 632 (\$11.0) as of December 31, 2016 and 2017.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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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 of RUB 1,964 (\$59.1 at the exchange rate as of the sale date). The Company retained a noncontrolling interest (25% plus one ruble) and significant influence over Yandex.Money's business; accordingly, the Company accounts for its investment under the equity method. The Company records its share of the results of the investee in the amount of income of RUB 217 and income of RUB 374 (\$6.5) for the years ended December 31, 2016 and 2017, respectively, within the other income/(loss), net line in the consolidated statements of income.

**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities as of December 31, 2016 and 2017 comprise the following:

	2016	2017	2017
	RUB	RUB	\$
Trade accounts payable and accrued liabilities	7,852	9,202	159.8
Salary and other compensation expenses payable/accrued to employees	1,680	1,909	33.2
<b>Total accounts payable and accrued liabilities</b>	<b>9,532</b>	<b>11,111</b>	<b>193.0</b>

**Other Income/(Loss), Net**

The following table presents the components of other income/(loss), net for the periods presented:

	2015	2016	2017	2017
	RUB	RUB	RUB	\$
Foreign exchange gains/(losses)	1,903	(3,834)	(1,784)	(31.0)
Gain from sale of equity securities	—	157	33	0.6
Gain/(loss) from repurchases of convertible debt	310	53	(6)	(0.1)
Other	46	229	291	5.1
<b>Total other income/(loss), net</b>	<b>2,259</b>	<b>(3,395)</b>	<b>(1,466)</b>	<b>(25.4)</b>

**Reclassifications Out of Accumulated Other Comprehensive Income**

For the year ended December 31, 2016, the reclassification of foreign currency translation gain of RUB 103 from accumulated other comprehensive income resulted from liquidation of a foreign subsidiary.

There were no reclassifications of losses out of accumulated other comprehensive income in the years ended December 31, 2015 and 2017.

**6. DERIVATIVE AND NON-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/(loss), net.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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The fair value of derivative instruments as of December 31, 2016 and 2017 is as follows:

	Balance Sheet Location	2016	2017	2017
		RUB	RUB	\$
Foreign exchange contracts	Other accrued liabilities	59	18	0.3
<b>Total derivative liabilities</b>		<b>59</b>	<b>18</b>	<b>0.3</b>

The effect of derivative instruments not designated as hedging instruments on income for the years ended December 31, 2015, 2016 and 2017 amounted to a loss of RUB 55, a gain of RUB 33 and a gain of RUB 41 (\$0.7), respectively.

The Company uses non-derivative financial instruments to protect the Company from risk that the U.S. dollar-denominated Moscow office rent expenses will be adversely affected by changes in the exchange rates and to avoid income statement volatility. In March 2017, the Company designated \$102.8 (RUB 5,976 at the exchange rate as of the date of designation) of its U.S. dollar-denominated deposits with a third party bank as a hedging instrument to hedge the foreign currency exposure to changes in the fair value of the unrecognized firm commitment on its Moscow headquarters operating lease arrangements. The change in fair value of the designated portion of the U.S. dollar-denominated deposits due to changes in foreign currency exchange rates is recognized in other income/(loss), net in the consolidated statements of income along with the change in the fair value of the unrecognized firm commitment that is attributable to foreign currency exchange rates. The change in fair value of the unrecognized firm commitment is included within other current assets on the balance sheet and amounted to RUB 31 (\$0.5) as of December 31, 2017.

The fair value of non-derivative financial instruments designated as hedging instruments as of December 31, 2016 and 2017 amounted to nil and RUB 2,731 (\$47.4), respectively, and is included within current term deposits on the balance sheet.

**7. 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).

## YANDEX N.V.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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

The fair value of assets and liabilities as of December 31, 2016, including those measured at fair value on a recurring basis, consisted of the following:

	Level 1 RUB	Level 2 RUB	Level 3 RUB	Total RUB
<b>Assets :</b>				
Cash equivalents:				
Bank deposits(1)	—	22,521	—	22,521
Investments in money market funds	3	—	—	3
Term deposits, current	—	31,769	—	31,769
Restricted cash	578	—	—	578
Investments in debt securities(2)	—	3,033	—	3,033
Loans to employees	—	1,583	—	1,583
Loans granted	—	1,120	—	1,120
	<b>581</b>	<b>60,026</b>	<b>—</b>	<b>60,607</b>
<b>Liabilities:</b>				
Convertible debt	—	19,228	—	19,228
Contingent consideration(2)	—	—	254	254
Derivative contracts(2)	—	59	—	59
Redeemable noncontrolling interests (Note 14)	—	—	1,506	1,506
	<b>—</b>	<b>19,287</b>	<b>1,760</b>	<b>21,047</b>

(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 Company had no other financial assets or liabilities measured at fair value on a recurring basis during the year ended December 31, 2016.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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

The fair value of assets and liabilities as of December 31, 2017, including those measured at fair value on a recurring basis, consisted of the following:

	Fair value measurement using				
	Level 1 RUB	Level 2 RUB	Level 3 RUB	Total RUB	Total \$
<b>Assets:</b>					
Cash equivalents:					
Bank deposits(1)	—	30,686	—	30,686	532.7
Investments in money market funds	3	—	—	3	0.1
Term deposits, current	—	23,040	—	23,040	400.0
Term deposits, non-current	—	5,013	—	5,013	87.0
Restricted cash	569	—	—	569	9.8
Loans to employees	—	2,116	—	2,116	36.8
Loans granted	—	1,075	—	1,075	18.6
	<b>572</b>	<b>61,930</b>	<b>—</b>	<b>62,502</b>	<b>1,085.0</b>
<b>Liabilities:</b>					
Convertible debt	—	18,323	—	18,323	318.1
Contingent consideration(2)	—	—	188	188	3.3
Derivative contracts(2)	—	18	—	18	0.3
Redeemable noncontrolling interests (Note 14)	—	—	9,821	9,821	170.5
	<b>—</b>	<b>18,341</b>	<b>10,009</b>	<b>28,350</b>	<b>492.2</b>

(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 Company had no other financial assets or liabilities measured at fair value on a recurring basis during the year ended December 31, 2017.

The fair values of the Company's Level 1 financial assets are based on quoted market prices of 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 years ended December 31, 2015, 2016 and 2017.

The total gains attributable to bank deposits and investments in money market funds amounted to RUB 2,868, RUB 2,583 and RUB 2,598 (\$45.1) in 2015, 2016 and 2017, respectively. Such amounts are included in interest income in the consolidated statements of income.

The Company measures at fair value non-financial assets and liabilities recognized as a result of business combinations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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The Company measures the fair value of non-current term deposits and convertible debt for disclosure purposes. The carrying amounts and fair values of non-current term deposits and convertible debt as of December 31, 2016 and 2017 were as follows:

	2016		2017			
	Carrying amount	Fair value	Carrying amount		Fair value	
	RUB	RUB	RUB	\$	RUB	\$
Term deposits, non-current	—	—	5,005	86.9	5,013	87.0
Convertible debt	(18,750)	(19,228)	(17,834)	(309.6)	(18,323)	(318.1)
<b>Total</b>	<b>(18,750)</b>	<b>(19,228)</b>	<b>(12,829)</b>	<b>(222.7)</b>	<b>(13,310)</b>	<b>(231.1)</b>

The Company did 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.

**8. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net of accumulated depreciation, as of December 31, 2016 and 2017 consisted of the following:

	2016	2017	2017
	RUB	RUB	\$
Servers and network equipment	25,705	34,165	593.1
Infrastructure systems	6,470	7,621	132.3
Land and buildings	3,785	5,835	101.3
Office furniture and equipment	1,891	2,090	36.3
Leasehold improvements	941	976	16.9
Other equipment	56	82	1.5
Assets not yet in use	2,703	694	12.1
Total	41,551	51,463	893.5
Less: accumulated depreciation	(22,734)	(30,292)	(525.9)
<b>Total property and equipment, net</b>	<b>18,817</b>	<b>21,171</b>	<b>367.6</b>

Assets not yet in use primarily represent infrastructure systems, 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.

Depreciation expenses related to property and equipment for the years ended December 31, 2015, 2016 and 2017 amounted to RUB 6,197, RUB 7,655 and RUB 9,131 (\$158.5), respectively.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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## 9. GOODWILL AND INTANGIBLE ASSETS, NET

The changes in the carrying amount of goodwill are as follows:

	Search and Portal RUB	E-commerce RUB	Classifieds RUB	Taxi RUB	Experiments RUB	Total RUB	Total \$
Balance as of January 1, 2016	1,802	106	4,885	224	1,564	8,581	5
Foreign currency translation adjustment	(145)	—	—	—	—	(145)	—
Balance as of December 31, 2016	1,657	106	4,885	224	1,564	8,436	146.5
Goodwill acquired	—	—	305	639	—	942	16.4
Foreign currency translation adjustment	(50)	—	—	—	—	(50)	(1.0)
Balance as of December 31, 2017	1,607	106	5,188	863	1,564	9,328	161.9

In the year ended December 31, 2015, the Company recorded goodwill impairment in the amount of RUB 576 related to the KinoPoisk acquisition in 2013 (included in Experiments) which is the amount by which the carrying value of goodwill exceeded its implied fair value. Goodwill impairment was a result of a combination of factors, including adverse changes in the business climate in Russia subsequent to the acquisition, higher than expected competition in the Russian online media services sector and the resulting decrease in the projected operating results. Fair value was determined using cash flow projections based on financial budgets covering a five-year period. The cash flows beyond that five-year period have been estimated based on sustainable long-term growth rates.

Goodwill is non-deductible for tax purposes for all business combinations completed in the years ended December 31, 2015, 2016 and 2017.

Intangible assets, net of amortization, as of December 31, 2016 and 2017 consisted of the following intangible assets:

	2016			2017			
	Cost RUB	Less: Accumulated amortization RUB	Net carrying value RUB	Cost RUB	Less: Accumulated amortization RUB	Net carrying value RUB	Net carrying value \$
<b>Acquisition-related intangible assets:</b>							
Trade names and domain names	1,129	(285)	844	1,149	(406)	743	12.9
Customer relationships	854	(215)	639	905	(320)	585	10.1
Content and software	563	(398)	165	646	(468)	178	3.1
Workforce	276	(155)	121	276	(224)	52	0.9
Patents and licenses	52	(31)	31	52	(29)	23	0.4
Non-compete agreements	38	(31)	7	41	(24)	17	0.3
Total acquisition-related intangible assets:	2,912	(1,105)	1,807	3,069	(1,471)	1,598	27.7
<b>Other intangible assets:</b>							
Technologies and licenses	7,046	(3,972)	3,074	7,473	(4,872)	2,601	45.2
Assets not yet in use	633	—	633	824	—	824	14.3
Total other intangible assets:	7,679	(3,972)	3,707	8,297	(4,872)	3,425	59.5
<b>Total intangible assets</b>	<b>10,591</b>	<b>(5,077)</b>	<b>5,514</b>	<b>11,366</b>	<b>(6,343)</b>	<b>5,023</b>	<b>87.2</b>

Amortization expenses of acquisition-related intangible assets for the years ended December 31, 2015, 2016 and 2017 were RUB 502, RUB 488 and RUB 379 (\$6.6), respectively.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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Amortization expenses of other intangible assets for the years ended December 31, 2015, 2016 and 2017 were RUB 1,092, RUB 1,464 and RUB 1,729 (\$30.0), respectively.

Estimated amortization expense over the next five years and thereafter for intangible assets is as follows:

	Acquired intangible assets	Other intangible assets	Total intangible assets	
	RUB	RUB	RUB	\$
2018	360	1,137	1,497	26.0
2019	261	779	1,040	18.1
2020	233	454	687	11.9
2021	216	182	398	6.9
2022	213	49	262	4.5
Thereafter	315	—	315	5.5
<b>Total</b>	<b>1,598</b>	<b>2,601</b>	<b>4,199</b>	<b>72.9</b>

**10. INCOME TAX**

Income taxes are computed in accordance with Russian Federation, Dutch and other national tax laws. The taxable income of Yandex LLC was subject to federal and local income tax at a combined nominal rate of 20% for the years ended December 31, 2015, 2016 and 2017. Yandex N.V. is incorporated in the Netherlands, and its taxable profits were subject to income tax at the rate of 25% in the years ended December 31, 2015, 2016 and 2017.

Dividends paid to Yandex N.V. by its Russian subsidiaries are subject to a 5% dividend withholding tax, computed in accordance with the laws of the Russian Federation. Due to the so-called participation exemption, dividends distributed by the Company's Russian subsidiaries to Yandex N.V. are exempt from tax in the Netherlands.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Provision for income taxes for the years ended December 31, 2015, 2016 and 2017 consisted of the following:

	2015	2016	2017	2017
	RUB	RUB	RUB	\$
Current provision for income tax—Russia	(3,912)	(4,908)	(5,640)	(97.9)
Current provision for income tax—other	(193)	(280)	(799)	(13.9)
Total current provision for income tax	(4,105)	(5,188)	(6,439)	(111.8)
Deferred income tax (expense) benefit—Russia	(297)	331	1,108	19.3
Deferred income tax benefit—other	485	533	405	7.0
Total deferred income tax benefit	188	864	1,513	26.3
<b>Total provision for income taxes</b>	<b>(3,917)</b>	<b>(4,324)</b>	<b>(4,926)</b>	<b>(85.5)</b>

The components of income before income taxes for the years ended December 31, 2015, 2016 and 2017 are as follows:

	2015	2016	2017	2017
	RUB	RUB	RUB	\$
Income before income taxes—Russia	18,232	15,683	18,269	317.2
Loss before income taxes—other	(4,636)	(4,576)	(4,687)	(81.4)
<b>Total income before income taxes</b>	<b>13,596</b>	<b>11,107</b>	<b>13,582</b>	<b>235.8</b>

The Company has reconciled its effective tax rate to its Dutch statutory rate in the table below. The statutory Dutch income tax rate reconciled to the Company's effective income tax rate is as follows for the years ended December 31, 2015, 2016 and 2017:

	2015	2016	2017	2017
	RUB	RUB	RUB	\$
Expected provision at Dutch statutory income tax rate of 25%	3,399	2,776	3,396	59.0
Effect of:				
Tax on dividends	529	449	872	15.1
Non-deductible share-based compensation	653	848	1,048	18.2
Other expenses not deductible for tax purposes	315	374	612	10.6
Accrual of unrecognized tax benefit	(64)	944	227	3.9
Difference in foreign tax rates	(1,153)	(1,460)	(1,331)	(23.1)
Other	3	248	(230)	(4.0)
Change in valuation allowance	235	145	332	5.8
<b>Provision for income taxes</b>	<b>3,917</b>	<b>4,324</b>	<b>4,926</b>	<b>85.5</b>

Movements in the valuation allowance are as follows:

	2015	2016	2017	2017
	RUB	RUB	RUB	\$
Balance at the beginning of the period	(414)	(837)	(659)	(11.4)
Charges to expenses	(235)	(145)	(332)	(5.8)
Foreign currency translation adjustment	(188)	323	69	1.2
<b>Balance at the end of the period</b>	<b>(837)</b>	<b>(659)</b>	<b>(922)</b>	<b>(16.0)</b>

As of December 31, 2016 and 2017, the Company included accrued interest and penalties related to unrecognized tax benefits, totaling RUB 30 and RUB 117 (\$2.0), respectively, as a component of other accrued

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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liabilities, non-current and RUB 155 and nil, respectively, as a component of accounts payable and accrued liabilities. As of December 31, 2016 and 2017, RUB 580 and RUB 290 (\$5.0), respectively, of unrecognized tax benefits, if recognized, would affect the effective tax rate. The interest and penalties recorded as part of the provision for income tax in the years ended December 31, 2015, 2016 and 2017 resulted in a benefit of RUB 3, an expense of RUB 170 and an expense of RUB 99 (\$1.7), respectively. The Company does not anticipate significant increases or decreases in unrecognized income tax benefits over the next twelve months.

A reconciliation of the total amounts of unrecognized tax benefits is as follows:

	2015	2016	2017	2017
	RUB	RUB	RUB	\$
Balance at the beginning of the period	97	37	580	10.1
Increases/(decreases) related to prior years tax positions	(13)	469	85	1.4
Increases related to current year tax positions	10	74	41	0.7
Settlements	(57)	—	(416)	(7.2)
<b>Balance at the end of the period</b>	<b>37</b>	<b>580</b>	<b>290</b>	<b>5.0</b>

Temporary differences between the tax and accounting bases of assets and liabilities and carryforwards give rise to the following deferred tax assets and liabilities as of December 31, 2016 and 2017:

	2016	2017	2017
	RUB	RUB	\$
Assets/(liabilities) arising from tax effect of:			
<b>Deferred tax asset</b>			
Accrued expenses	1,182	1,638	28.4
Net operating loss carryforward	904	2,383	41.4
Intangible assets	372	337	5.9
Property and equipment	63	156	2.7
Other	18	51	0.9
<b>Total deferred tax asset</b>	<b>2,539</b>	<b>4,565</b>	<b>79.3</b>
Valuation allowance	(659)	(922)	(16.0)
<b>Total deferred tax asset, net of valuation allowance</b>	<b>1,880</b>	<b>3,643</b>	<b>63.3</b>
<b>Deferred tax liability</b>			
Convertible debt discount	(350)	(138)	(2.4)
Property and equipment	(434)	(511)	(8.9)
Intangible assets	(348)	(311)	(5.4)
Unremitted earnings	(1,066)	(1,456)	(25.3)
Other	(60)	(15)	(0.2)
<b>Total deferred tax liability</b>	<b>(2,258)</b>	<b>(2,431)</b>	<b>(42.2)</b>
<b>Net deferred tax (liability)/asset</b>	<b>(378)</b>	<b>1,212</b>	<b>21.1</b>
Net deferred tax assets	662	2,171	37.7
Net deferred tax liabilities	(1,040)	(959)	(16.6)

As of December 31, 2017, Yandex N.V. had net operating loss carryforwards ("NOLs") for Dutch income tax purposes of RUB 1,825 (\$31.7). These NOLs expire in the 2025-2026 tax years. As of December 31, 2017, a benefit of RUB 210 (\$3.6) related to the Dutch NOLs described above would be recorded by the Company in additional paid-in capital if and when realized.

The Company did not provide for dividend withholding taxes on the unremitted earnings of its foreign subsidiaries in 2012 and earlier years because they were considered indefinitely reinvested outside of the Netherlands.

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Starting in 2014, the Company began to accrue for a 5% dividend withholding tax on the portion of the current year profit of the Company's principal Russian operating subsidiary that is considered not to be indefinitely reinvested in Russia. The Company also provided in 2017 for a 5% dividend withholding tax on the portion of the profit for 2013 of the Company's principal Russian operating subsidiary that was considered not to be indefinitely reinvested in Russia. As of December 31, 2017, the amount of unremitted earnings upon which dividend withholding taxes have not been provided is approximately RUB 58,795 (\$1,020.7). The Company estimates that the amount of the unrecognized deferred tax liability related to these earnings is approximately RUB 2,940 (\$51.0).

The tax years 2015-2017 remain open for examination by the Russian tax authorities with respect to the Company's principal Russian operating subsidiary, Yandex LLC. As of December 31, 2017, Yandex LLC was under audit by tax inspectorates for the tax years 2015-2016. The tax years 2013-2017 remain open for examination by the Dutch tax authorities with respect to Yandex N.V.

**11. CONVERTIBLE DEBT**

In December 2013, the Company issued and sold \$600.0 (RUB 19,719 at the exchange rate as of sale date) in aggregate principal amount of 1.125% convertible senior notes due December 15, 2018 at par. The Company also granted to the initial purchasers a right to purchase up to an additional \$90.0 (RUB 2,981 at the exchange rate as of sale date) in aggregate principal amount of notes solely to cover over-allotments. In January 2014, the Company issued and sold an additional \$90.0 in aggregate principal amount of 1.125% convertible senior notes due December 15, 2018 (together, the "Notes") at par. Interest at an annual rate of 1.125% is payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2014. The Notes are convertible into cash, Class A shares of the Company or a combination of cash and Class A shares, at the Company's election, under circumstances described below, based on an initial conversion rate of 19.44 Class A shares per \$1,000 principal amount of Notes (which represents an initial conversion price of approximately \$51.45 per share), subject to adjustment on the occurrence of fundamental change as defined in the agreement. The Notes are convertible, at the option of the holder, prior to June 15, 2018, if i) the last reported sale price of the Class A shares for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days is greater than or equal to 130% of the conversion price on each applicable trading day; ii) during a 5 business day period after any 10 consecutive trading day period in which the trading price per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's Class A shares and the conversion rate on each such trading day; iii) upon the occurrence of specified corporate events. On or after June 15, 2018, the Notes can be converted at the option of the holder regardless of the foregoing circumstances at any time until the close of business on the business day immediately preceding the maturity date of the Notes. The Company will not have the right to redeem the Notes prior to maturity, except in connection with certain changes in tax laws. As of December 31, 2017, none of the conditions allowing the conversion of the Notes had been met.

The net proceeds to the Company from the sale of the Notes (including over-allotments) were approximately RUB 22,479 (\$683.1 at the exchange rates as of sale date). Debt issuance costs were approximately RUB 228 (\$4.1), of which RUB 38 (\$0.7) was allocated to additional paid-in capital and RUB 190 (\$3.4) was allocated to deferred issuance costs which are presented as a reduction of the carrying value of the Notes and will be amortized as interest expense over the term of the Notes. As of December 31, 2016 and 2017, unamortized deferred issuance cost was RUB 65 and RUB 29 (\$0.5), respectively.

The Company separately accounts for the liability and equity components of the Notes. The carrying value of the liability component of RUB 18,972 (\$576.7 at the exchange rates as of sale date) was initially recognized at the present value of its cash flows using a discount rate of 4.84%, the Company's estimated borrowing rate at the date of the issuance for a similar debt instrument without the conversion feature. Debt discount is amortized using the effective interest method over the period from the origination date through the stated maturity date. The value of the equity component of RUB 3,728 (\$113.3 at the exchange rates as of sale date) was calculated by deducting the fair value of the

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liability component from the initial proceeds ascribed to the convertible debt instrument as a whole and was recorded as a debt discount.

During 2017, the Company repurchased and retired \$12.0 in aggregate principal amount of the outstanding Notes for cash consideration of RUB 668 (\$11.6); during 2016, the Company repurchased and retired \$87.4 in aggregate principal amount of the outstanding Notes for cash consideration of RUB 5,397; during 2015, the Company repurchased and retired \$119.4 in aggregate principal amount of the outstanding Notes for cash consideration of RUB 6,096. The Company recorded a loss of RUB 6 (\$0.1), gain of RUB 53 and gain of RUB 310 on the extinguishment of the debt within the other income/(loss), net line in the consolidated statements of income for the years ended December 31, 2017, 2016 and 2015, respectively.

The carrying value of the Notes as of December 31, 2016 and 2017 consisted of the following:

	2016	2017	2017
	RUB	RUB	\$
1.125% Convertible Senior Notes due December 2018	20,211	18,507	321.3
Unamortized debt discount	(1,396)	(644)	(11.2)
Unamortized debt issuance cost	(65)	(29)	(0.5)
<b>Total convertible debt</b>	<b>18,750</b>	<b>17,834</b>	<b>309.6</b>

The remaining unamortized debt discount of RUB 644 (\$11.2) as of December 31, 2017 will be amortized over the remaining life of the Notes, which is approximately 1.0 year.

The Company recognized RUB 1,293, RUB 1,208 and RUB 897 (\$15.6) as interest expenses related to the contractual interest coupon, amortization of the debt discount and issuance expenses for the years ended December 31, 2015, 2016 and 2017, respectively. The effective interest rate on the liability component for the 2015 –2017 period was 5.1%.

**12. 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 April 2014, the Company further extended its headquarters complex signing a seven-year lease agreement for additional office space and extending the existing rent agreements to 2021. In December 2016 and during 2017 the Company signed additional agreements to rent additional office space in Moscow until the end of 2021.



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As of December 31, 2017, future minimum lease payments due under the Moscow leases and other non-cancellable operating leases for more than one year are as follows:

Payments due in the years ending December 31,	Moscow headquarters lease	Other leases	Total	Total
	RUB	RUB	RUB	\$
2018	4,408	518	4,926	85.7
2019	4,868	411	5,279	91.6
2020	4,331	395	4,726	82.0
2021	1,670	394	2,064	35.8
2022 and thereafter	—	519	519	9.0
<b>Total</b>	<b>15,277</b>	<b>2,237</b>	<b>17,514</b>	<b>304.1</b>

For the purposes of the disclosure above, the Company assumed no changes in the rented space or rental price specified in existing rental agreements as of the reporting date. U.S. dollar amounts have been translated into Ruble at a rate of RUB 57.6002 to \$1.00, the official exchange rate quoted as of December 31, 2017 by the Central Bank of the Russian Federation.

For the years ended December 31, 2015, 2016 and 2017, rent expenses under operating leases totaled approximately RUB 4,372, RUB 4,419 and RUB 4,208 (\$73.1), respectively.

Additionally, the Company has entered into purchase commitments for other goods and services and acquisition of businesses, which total RUB 3,285 (\$57.0) in 2018, RUB 1,432 (\$24.9) in 2019, RUB 1,196 (\$20.8) in 2020, RUB 618 (\$10.7) in 2021, RUB 5 (\$0.1) in 2022 and RUB 3 (\$0.1) thereafter.

**Legal Proceedings**

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, as well as to the alleged breach of certain contractual arrangements. The Company intends to vigorously defend any lawsuit and believe that the ultimate outcome of any pending litigation, other legal proceedings or other matters will have no material adverse effect on financial condition, results of operations or liquidity of the Company.

As of December 31, 2017, the Company was subject to certain claims in the aggregate claimed amount of approximately RUB 1,967 (\$34.2). The Company has not recorded a liability in respect of those claims as of December 31, 2017.

**Environment and Current Economic Situation**

The Company's operations are primarily located in the Russian Federation. Consequently, the Company is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation.

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 RUB 290 (\$5.0) of unrecognized tax benefits have been recorded as liabilities, and the Company is uncertain as to if or when such amounts may be settled (Note 10).

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Related to unrecognized tax benefits, the Company has also recorded a liability for potential penalties of RUB 48 (\$0.8) and interest of RUB 69 (\$1.2). As of December 31, 2017, except for the income tax contingencies described above, the Company accrued RUB 653 (\$11.3) for contingencies related to non-income taxes, including penalties and interest. Additionally, the Company has identified possible contingencies related to non-income taxes, which are not accrued. Such possible non-income tax contingencies could materialize and require the Company to pay additional amounts of tax. As of December 31, 2017, the Company estimates such contingencies related to non-income taxes, including penalties and interest, to be up to approximately RUB 957 (\$16.6).

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. In 2014 and 2015, Russia experienced an economic downturn characterized by substantial depreciation of its currency, sharp fluctuations of interest rates, a decline in disposable income, a steep decline in the value of shares traded on its stock exchanges, a material increase in the inflation rate, and a decline in the gross domestic product. In 2016 and through the first months of 2017 some of those economic trends reversed or moderated, with ruble strengthening, oil prices increasing, inflation rates declining significantly and rate of decline in gross domestic product moderating. In February 2018 Standard & Poor's changed the outlook for Russia's sovereign credit ratings from negative (BB+) to stable (BBB-).

The conflict in Ukraine and related events have increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, have resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Ruble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. In particular, some Russian entities may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state banks to finance their operations. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

The above mentioned events have led to reduced access of Russian businesses to international capital markets, increased inflation, economic recession and other negative economic consequences. The impact of further economic developments on future operations and financial position of the group is at this stage difficult to determine.

**13. SHARE CAPITAL**

The Company has three authorized classes of ordinary shares, Class A, Class B and Class C with €0.01, €0.10 and €0.09 par value, respectively. The principal features of the three classes of ordinary shares are as follows:

- Class A shares, par value €0.01 per share, entitled to one vote per share. The Class A shares share ratably with the Class B shares, on a *pari passu* basis, in any dividends or other distributions.
- Class B shares, par value €0.10 per share, entitled to ten votes per share. Class B shares may only be transferred to qualified holders. In order to sell a Class B share, it must be converted into a Class A share.
- Class C shares, par value €0.09 per share, entitled to nine votes per share. The Class C shares are entitled to a fixed nominal amount in the event of a dividend or distribution limited to €0.01 per share in any one financial year if any such shares were to be outstanding on the record date for a dividend declaration. The Class C shares are used for technical purposes related to the conversion of Class B shares into Class A shares. During the periods between conversion and cancellation, all Class C shares are held by Yandex Conversion Foundation (Stichting Yandex Conversion). Yandex Conversion Foundation was incorporated under the laws of the Netherlands in October 2008 for the sole purpose of facilitating the conversion of

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Class B shares into Class A shares. Yandex Conversion Foundation is managed by a board of directors appointed by the Company.

On September 21, 2009, the Company issued a Priority Share to Sberbank. The holder of the Priority Share has the right to veto the accumulation of stakes in the Company in excess of 25% by a single entity, a group of related parties or parties acting in concert. The holder of the Priority Share does not have any rights to influence operating decisions of the Company nor is it entitled to a seat on the Company's Board. Transfer of the Priority Share requires the approval of the Board. The Priority Share has been purchased by Sberbank at its par value of €1 and is entitled to a normal pro rata dividend distribution.

The Company's articles of association authorize a special class of preference shares as a form of an anti-takeover defense. The Company's Board has the irrevocable authority for a period of five years to issue preference shares and grant rights to subscribe for preference shares up to the Company's authorized share capital from time to time. This authority may be renewed by a resolution of the general meeting of shareholders for a subsequent period of up to five years. The preference shares, if issued, would be entitled to receive preferential dividends at a rate of 12-month EURIBOR plus 200 basis points on the amount paid thereon, prior and in preference to distributions in respect of ordinary shares. No preference shares have been issued.

The share capital as of each balance sheet date is as follows (EUR in millions):

	December 31, 2016			December 31, 2017		
	Shares	EUR	RUB	Shares	EUR	RUB
Authorized:	2,093,995,776			2,093,995,776		
Priority share	1			1		
Preference shares	1,000,000,001			1,000,000,001		
Class A ordinary shares	1,000,000,000			1,000,000,000		
Class B ordinary shares	46,997,887			46,997,887		
Class C ordinary shares	46,997,887			46,997,887		
Issued and fully paid:	330,616,989	€ 7.4	288	334,223,202	€ 7.3	299
Priority share	1	—	—	1	—	—
Preference shares	—	—	—	—	—	—
Class A ordinary shares	285,019,019	2.8	124	289,364,467	2.9	127
Class B ordinary shares	45,037,734	4.5	161	40,692,286	4.1	146
Class C ordinary shares	560,235	0.1	3	4,166,448	0.3	26

Class C shares held in treasury are not disclosed as such due to the technical nature of this class of shares.

The Company repurchases its Class A shares from time to time in part to reduce the dilutive effects of its Share-Based Awards to employees of the Company. There were no repurchases in the years ended December 31, 2015, 2016 and 2017. Treasury stock is accounted for under the cost method.

**14. REDEEMABLE NONCONTROLLING INTERESTS**

Redeemable noncontrolling interests relate to the equity incentive arrangements the Company has made available to the senior employees of the Taxi, Classifieds and E-commerce business units, pursuant to which such persons are eligible to acquire depositary receipts, or receive options to acquire depositary receipts, which entitle them to economic interests in the respective subsidiaries of the Company.

The noncontrolling interests relating to the depositary receipts acquired by the senior employees were measured at the redemption value and amounted to RUB 631 and RUB 2,497 (\$43.3) as of December 31, 2016 and 2017.

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respectively. The noncontrolling interests relating to the options to acquire depository receipts were measured at the redemption value and amounted to RUB 875 and RUB 7,324 (\$127.2) as of December 31, 2016 and 2017, respectively.

**15. SHARE-BASED COMPENSATION**

**Employee Equity Incentive Plan**

The Company has granted Share-Based Awards to employees of the Company pursuant to its Fourth Amended and Restated 2007 Equity Incentive Plan (the "2007 Plan") and the 2016 Equity Incentive Plan (the "2016 Plan," and together with the 2007 Plan, the "Plans").

On February 7, 2007, the Company's Board adopted the 2007 Plan, which superseded the previous 2001 Employee Share Option Plan, and subsequently amended the 2007 Plan on October 11, 2007, October 14, 2008, November 10, 2011, February 10, 2012, and July 24, 2013. The 2016 Plan was approved at the 2016 annual general meeting of shareholders on May 27, 2016 and replaced the 2007 Plan. However, there remain unexercised grants under the 2007 Plan. A share option issued under the Plans entitles the holder to purchase an ordinary share at a specified exercise price. SARs issued under the Plans entitle the holder to receive a number of Class A shares determined by reference to appreciation from and after the date of grant in the fair market value of a Class A share over the measurement price. RSUs awarded under the Plans entitle the holder to receive a fixed number of Class A shares at no cost upon the satisfaction of certain time-based vesting criteria. The holders of RSUs have no rights to dividends or dividends equivalent. The 2016 Plan provides for the issuance of Share-Based Awards to employees, officers, advisors and consultants of the Company and members of the Board of the Company to acquire or, in regard to SARs, to benefit from the appreciation of ordinary shares representing in the aggregate a maximum of 15% of the issued share capital of the Company.

Under the Plans, the award exercise or measurement price per share is set at the "fair market value" and denominated in U.S. dollars on the date the Share-Based Awards are granted by the Company's Board. For purposes of the Plans, "fair market value" means (A) at any time when the Company's shares are not publicly traded, the price per share most recently determined by the Board to be the fair market value; and (B) at any time when the shares are publicly traded, (i) in the case of RSUs, the closing price per Class A Share (as adjusted to account for the ratio of shares to depository shares, if necessary) on the date of such determination; and (ii) in the case of Options and Share Appreciation Rights, the average closing price per Class A Share (as adjusted to account for the ratio of Class A Shares to such depository shares, if necessary) on the 20 trading days immediately following the date of determination. Share-Based Awards granted under the Plans generally vest over a four-year period. Approximately 25% of the Share-Based Awards vest after one year, with the remaining Share-Based Awards vesting in equal amounts on the last day of each quarter over the following three years. If a grantee ceases to be an eligible participant within three months following the consummation of a change of control because of termination by the grantee for good reason or because of termination by the Company for any reason other than for cause, the Share-Based Award(s) held by such grantee shall become fully vested and immediately exercisable. The maximum term of a Share-Based Award granted under the Plans may not exceed ten years. The 2016 Plan expires at midnight on May 27, 2026. After its expiration, no further grants can be made under the 2016 Plan but the vesting and effectiveness of Share-Based Awards previously granted will remain unaffected.

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The Company estimates the fair value of share options and SARs using the BSM pricing model. The weighted average assumptions used in the BSM pricing model for grants made under the 2016 Plan in the year ended December 31, 2017 were as follows:

	2017
Dividend yield	—
Expected annual volatility	40 %
Risk-free interest rate	2.23 %
Expected life of the awards (years)	7.19
Weighted-average grant date fair value of awards (per share)	\$ 11.86

No share options grants were made for the years ended December 31, 2015 and 2016. No SARs grants were made for the years ended December 31, 2015, 2016 and 2017.

The Company used the following assumptions in the BSM pricing model when valuing its Share-Based Awards:

- *Expected volatility.* For 2017 grants, the Company used historical volatility of the Company's own shares.
- *Expected term.* The expected term of awards granted has been calculated following the "simplified" method, using half of the sum of the contractual and vesting terms, because the Company has no historical pattern of exercises sufficient to estimate the expected term on a more reliable basis.
- *Dividend yield.* This assumption is measured as the average annualized dividend estimated to be paid by the Company over the expected life of the award as a percentage of the share price at the grant date. The Company did not declare any dividends with respect to 2015, 2016 or 2017. Currently, the Company does not have any plans to pay dividends in the near term. Because optionees were generally compensated for dividends and the Company has no plans to pay cash dividends in the near term, it used an expected dividend yield of zero in its option pricing model for awards granted in the year ended December 31, 2017.
- *Fair value of ordinary shares.* The Company estimated the fair value of its ordinary shares using the closing price of its ordinary shares on the NASDAQ Global Select Market on the date of grant.
- *Risk-free interest rate.* The Company used the risk-free interest rates based on the US Treasury yield curve in effect at the grant date.

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The following table summarizes awards activity for the Company under the Plans:

	Options		SARs		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 December 31, 2016	2,155,931	\$ 5.29	186,410	\$ 30.21	9,196,747	—
Granted	1,680,000	40.00	—	—	5,134,522	—
Exercised	(1,106,003)	5.23	(27,200)	19.16	(2,623,006)	—
Forfeited	—	—	—	—	(486,217)	—
Cancelled	—	—	—	—	(2,939)	—
Outstanding as of December 31, 2017	2,729,928	\$ 26.68	159,210	\$ 32.10	11,219,107	—

The following table summarizes information about outstanding and exercisable awards under the Plans as of December 31, 2017:

Exercise Price (\$)	Type of award	Awards Outstanding			Awards Exercisable		
		Number outstanding	Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value	Number exercisable	Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
\$3.40	Option	58,800	0.09	1.7	58,800	0.09	1.7
\$3.43	Option	111,800	1.54	3.3	111,800	1.54	3.3
\$3.51	Option	360,725	1.86	10.5	360,725	1.86	10.5
\$4.16	Option	167,938	2.43	4.8	167,938	2.43	4.8
\$8.77	Option	350,665	2.86	8.4	350,665	2.86	8.4
\$40.00	Option	1,680,000	9.88	—	—	—	—
<b>Total Options</b>		<b>2,729,928</b>	<b>6.91</b>	<b>28.7</b>	<b>1,049,928</b>	<b>2.15</b>	<b>28.7</b>
\$16.95	SARs	2,500	3.97	—	2,500	3.97	—
\$20.99	SARs	6,710	3.91	0.1	5,844	3.91	0.1
\$32.85	SARs	150,000	5.56	—	150,000	5.56	—
<b>Total SARs</b>		<b>159,210</b>	<b>5.47</b>	<b>0.1</b>	<b>158,344</b>	<b>5.48</b>	<b>0.1</b>
<b>Total RSUs</b>	RSU	11,219,107	8.47	367.4	2,382,770	6.62	78.0
<b>Total Options, SARs, RSUs</b>		<b>14,108,245</b>	<b>8.13</b>	<b>396.2</b>	<b>3,591,042</b>	<b>5.26</b>	<b>106.8</b>

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

	Options		SARs		RSUs	
	Quantity	Weighted Average Grant Date Fair Value	Quantity	Weighted Average Grant Date Fair Value	Quantity	Weighted Average Grant Date Fair Value
<b>Non-vested as of December 31, 2016</b>	<b>937</b>	<b>\$ 2.58</b>	<b>866</b>	<b>\$ 12.45</b>	<b>6,919,190</b>	<b>\$ 19.41</b>
Granted	1,680,000	11.86	—	—	5,134,522	29.10
Vested	(937)	2.58	—	—	(2,728,219)	20.71
Forfeited	—	—	—	—	(486,217)	20.49
Cancelled	—	—	—	—	(2,939)	19.01
<b>Non-vested as of December 31, 2017</b>	<b>1,680,000</b>	<b>\$ 11.86</b>	<b>866</b>	<b>\$ 12.45</b>	<b>8,836,337</b>	<b>\$ 24.57</b>

As of December 31, 2017, there was RUB 12,534 (\$217.6) of unamortized share-based compensation expense related to unvested share options and RSUs which is expected to be recognized over a weighted average period of 3.38 years.

**Business Unit Equity Awards**

In 2016, the Company finalized the process of restructuring certain of the business units in its E-Commerce, Taxi and Classifieds operating segments (the “Participating Subsidiaries”) into separate legal structures. In connection with this restructuring, and to align the incentives of the relevant employees with the operations of the Participating Subsidiaries, the Company granted 2.4 million equity incentive awards under the 2016 Plan to the senior employees of these business units in total in 2015-2017, which entitle the participants to receive options to acquire redeemable depository receipts of shares in the respective operating subsidiaries (Note 14) upon the satisfaction of defined vesting criteria (the “Business Unit Equity Awards”), of which 2.0 million remain outstanding as of December 31, 2017. The exercise price of the Business Unit Equity Awards shall be determined from time to time by the Board and the standard vesting schedule for Business Unit Equity Awards under the 2016 Plan is consistent with Shared Based Awards granted in the Company’s shares. Business Unit Equity Awards and any awards granted to management of the Participating Subsidiaries outside of the 2016 Plan are not to exceed 20% of such Participating Subsidiary’s shares issued and outstanding from time to time.

The Company has recorded share-based compensation expense in respect of such awards in the amount of RUB 192, RUB 260 and RUB 267 (\$4.6) for the years ended December 31, 2015, 2016 and 2017, respectively.

**Share-Based Compensation Expense**

The Company recognized share-based compensation expense of RUB 2,718, RUB 3,422 and RUB 4,193 (\$72.8) for the years ended December 31, 2015, 2016 and 2017, respectively. The Company recognized RUB 41, RUB 36 and RUB 62 (\$1.1) in related tax benefits for the years ended December 31, 2015, 2016 and 2017, respectively.

**16. INFORMATION ABOUT SEGMENTS, REVENUES & GEOGRAPHIC AREAS**

Starting from 2015, following the changes in the Company’s organizational structure, the Company’s chief operating decision maker (“CODM”) is the management committee including its CEO, COO and a group of COO’s direct reports. The Company reports its financial performance based on the following reportable segments: Search and Portal, E-commerce, Taxi and Classifieds. The results of the Company’s remaining operating segments, including Media Services, Yandex Data Factory, Discovery Services and Search and Portal in Turkey, that do not meet the quantitative or

YANDEX N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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

the qualitative thresholds for disclosure, are combined into the other category defined as Experiments which is shown separately from the reportable segments and reconciling items.

Reportable segments derive revenues from the following services:

- Search and Portal offers a broad range of services in Russia, Belarus, Kazakhstan and, for periods prior to the imposition of sanctions on Yandex by the government of Ukraine in May 2017, all services of the Company offered in Ukraine, among which are search, location-based, personalized and mobile services, that enable the Company's users to find relevant and objective information quickly and easily and to communicate and connect over the internet, from both their desktops and mobile devices;
- E-commerce — the Company's Yandex.Market e-commerce gateway service gives retailers an additional platform to reach customers seeking specific retailer, product or price information. Product search on Yandex.Market is designed to deliver the most relevant shopping results to the Company's users;
- Classifieds derives revenues from online advertising and listing fees;
- Taxi derives revenue from commissions for providing ride-sharing services related to the Company's Yandex.Taxi service and Food delivery business (FoodFox acquired in December 2017). Yandex.Taxi operated in 167 cities with 100,000+ population, and in 56 cities with population of 50,000+ across Russia, Georgia, Armenia, Kazakhstan, Belarus, Moldova and Kyrgyzstan as of December 31, 2017.

The Company accounts for intersegment revenues as if the services were provided to third parties, that is, at the level approximating current market prices.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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The measures of the segments' profits and losses that are used by the CODM to assess segment performance and decide how to allocate resources are presented below. Each segment's assets and capital expenditures are not reviewed by the CODM.

	2015 RUB	2016 RUB	2017 RUB	2017 \$
<b>Search and Portal:</b>				
Revenues from external customers	54,073	66,760	80,455	1,396.9
Intersegment revenues	1,832	2,496	3,520	61.1
Depreciation and amortization	(6,894)	(8,858)	(10,408)	(180.7)
Adjusted operating income	15,199	20,020	26,551	461.0
<b>E-commerce:</b>				
Revenues from external customers	3,400	4,718	4,968	86.2
Intersegment revenues	—	—	—	—
Depreciation and amortization	(115)	(72)	(54)	(0.9)
Adjusted operating income	1,624	1,363	1,556	27.0
<b>Classifieds:</b>				
Revenues from external customers	894	1,304	2,082	36.1
Intersegment revenues	—	—	—	—
Depreciation and amortization	(16)	(20)	(53)	(0.9)
Adjusted operating income / (loss)	130	(74)	85	1.5
<b>Taxi:</b>				
Revenues from external customers	984	2,313	4,891	84.9
Intersegment revenues	—	—	—	—
Depreciation and amortization	(27)	(39)	(46)	(0.8)
Adjusted operating income / (loss)	136	(2,125)	(8,009)	(139.0)
<b>Experiments:</b>				
Revenues from external customers	441	830	1,658	28.8
Intersegment revenues	—	—	—	—
Depreciation and amortization	(739)	(618)	(678)	(11.8)
Adjusted operating loss	(3,409)	(2,182)	(1,968)	(34.3)
<b>Eliminations:</b>				
Revenues from external customers	—	—	—	—
Intersegment revenues	(1,832)	(2,496)	(3,520)	(61.1)
Depreciation and amortization	—	—	—	—
Adjusted operating income	—	—	—	—
<b>Total:</b>				
Revenues from external customers	59,792	75,925	94,054	1,632.9
Intersegment revenues	—	—	—	—
Depreciation and amortization	(7,791)	(9,607)	(11,239)	(195.1)
Adjusted operating income	13,680	17,002	18,215	316.2

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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The reconciliation between adjusted operating income and net income is as follows:

	2015 RUB	2016 RUB	2017 RUB	2017 \$
Adjusted operating income	13,680	17,002	18,215	316.2
Less: share-based compensation expense	(2,718)	(3,422)	(4,193)	(72.8)
Add: interest income	3,037	2,863	2,909	50.5
Less: interest expense	(1,293)	(1,208)	(897)	(15.6)
Add: other income/(loss), net	2,259	(3,395)	(1,466)	(25.4)
Less: goodwill impairment	(576)	—	—	—
Less: operating losses resulting from sanctions in Ukraine	—	—	(404)	(7.0)
Less: amortization of acquisition-related intangible assets	(502)	(488)	(379)	(6.6)
Less: compensation expense related to contingent consideration	(291)	(245)	(203)	(3.5)
Less: provision for income taxes	(3,917)	(4,324)	(4,926)	(85.5)
<b>Net income</b>	<b>9,679</b>	<b>6,783</b>	<b>8,656</b>	<b>150.3</b>

The Company's revenues consist of the following:

	2015 RUB	2016 RUB	2017 RUB	2017 \$
Advertising revenue(1):				
Yandex websites	43,099	52,888	65,149	1,131.1
Yandex ad network websites	15,111	19,691	22,251	386.3
Total advertising revenue	58,210	72,579	87,400	1,517.4
Other revenues	1,582	3,346	6,654	115.5
<b>Total revenues</b>	<b>59,792</b>	<b>75,925</b>	<b>94,054</b>	<b>1,632.9</b>

(1) The Company records revenue net of VAT, sales agency commissions and bonuses and discounts. Because it is impractical to track commissions, bonuses and discounts for online advertising revenues generated on Yandex websites and on those of the Yandex ad network members separately, the Company has allocated commissions, bonuses 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 customer. The following table sets forth revenues and long-lived assets other than financial instruments and deferred tax assets by geographic area:

	2015 RUB	2016 RUB	2017 RUB	2017 \$
Revenues:				
Russia	54,688	69,619	87,470	1,518.6
Rest of the world	5,104	6,306	6,584	114.3
<b>Total revenues</b>	<b>59,792</b>	<b>75,925</b>	<b>94,054</b>	<b>1,632.9</b>
Long-lived assets:				
Russia	23,636	24,499	30,689	532.8
Finland	11,115	8,327	6,802	118.1
US	1,109	684	4	0.1
Rest of the world	1,071	862	583	10.1
<b>Total long-lived assets</b>	<b>36,931</b>	<b>34,372</b>	<b>38,078</b>	<b>661.1</b>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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**17. RELATED-PARTY TRANSACTIONS**

The Company has in place a registration rights agreement with its major shareholders that allows them to require the Company to register Class A shares held by them under the U.S. Securities Act of 1933, as amended (the "Securities Act"), under certain circumstances. In such circumstances, the Company is obliged to pay all expenses, other than underwriting commissions and discounts, relating to any such registration.

Following the sale of the controlling interest to Sberbank and the deconsolidation of Yandex.Money in July 2013, the Company retained a noncontrolling interest and significant influence over Yandex.Money's business. The Company continues to use Yandex.Money for payment processing and to sublease to Yandex.Money part of its premises. The amount of revenues from subleasing and other services was RUB 91, RUB 106 and RUB 86 (\$1.5) for the years ended December 31, 2015, 2016 and 2017, respectively. The amount of fees for online payment commissions was RUB 143, RUB 173 and RUB 439 (\$7.6) for the years ended December 31, 2015, 2016 and 2017, respectively. As of December 31, 2016 and 2017, the amount of receivables related to payment processing was RUB 47 and RUB 158 (\$2.7), respectively. The Company believes that the terms of the agreements with Yandex.Money are comparable to the terms obtained in arm's-length transactions with unrelated similarly situated customers and suppliers of the Company.

In 2016, the Company granted loans to certain senior employees in the amount of RUB 173 (\$3.0) (Note 5). The loans bear interest rate is up to 8% per annum and mature in 2019-2022.

**18. SUBSEQUENT EVENTS**

In February 2018, the Company granted RSUs to purchase an aggregate of up to 2,777,312 Class A shares to its employees pursuant to the 2016 Plan.

In February 2018, the Company settled its liability in respect of contingent consideration related to the number of qualifying taxi trips following RosTaxi acquisition in January 2015 (Note 4) by 259,560 of its Class A ordinary shares equivalent to RUB 500 (\$8.7).

In February and March 2018, the Company designated \$80.4 (RUB 4,572 at the exchange rate as of the dates of designation) of deposits with a third party bank as a hedging instrument to hedge its exposure to changes in the fair value of the unrecognized firm commitments on its servers and network equipment arrangements that are attributable to foreign currency risk for the period ending December 31, 2018. The maturities of such deposits are aligned with the purchase payments schedule.

On the February 7, 2018, the Company and Uber International C.V. ("Uber"), a subsidiary of Uber Technologies, Inc., have completed the merger of Yandex.Taxi Holding B.V. and its subsidiaries ("Yandex.Taxi Group") and several Uber legal entities into a new private limited liability company MLU B.V., incorporated under the laws of the Netherlands. The Company and Uber have each contributed their legal entities operating the ride-sharing and food delivery businesses in Russia, Kazakhstan, Azerbaijan, Armenia, Belarus, Georgia, Kyrgyzstan and Moldova, and \$100.0 (RUB 5,722 as of the date of acquisition) and \$225.0 (RUB 12,874 as of the date of acquisition) in cash, respectively. The merger was accounted for as a business combination.

As a result of the transaction 63.03% of share capital of the combined entity is held by the Company, 35.93% by Uber and 1.04% by the employees of Yandex.Taxi Group based on the total number of outstanding shares.

Given the recent timing of the transaction and pending completion of the valuations for identifiable net assets acquired and liabilities assumed, at the time these financial statements were authorized for issuance, the initial accounting for the business combination is incomplete. Accordingly, not all relevant disclosures are available for the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017

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business combination. The Company will report the purchase price allocation in condensed consolidated balance sheets as of March 31, 2018.

In February 2018, Uber Technologies, Inc. transferred 1,527,507 of its Class A Common Shares ("Exchange shares") to the Company in exchange for additional 2.03% in the share capital of MLU B.V.. At the same time, Uber Technologies, Inc. entered into an arrangement with the Company to hold an option to repurchase Exchange shares within the 3-year period since one-year anniversary of deal close, while the Company has an obligation to sell these shares. The Company has the corresponding option to sell Exchange shares within the same period, while Uber Technologies, Inc. has an obligation to purchase these shares.

PART III.

Item 17. Financial Statements

See "Item 18. Financial Statements."

Item 18. Financial Statements.

See the financial statements beginning on page F-1.

Item 19. Exhibits.

Exhibit Number	Description of Document
1.1	<a href="#">Amended Articles of Association of the Company, amended as of June 1, 2016</a>
4.1	<a href="#">Indenture dated as of December 17, 2013 between the Company, and The Bank of New York Mellon, as trustee (incorporated by reference to our 2013 Annual Report on Form 20-F (file no. 001-35173) filed with the Securities and Exchange Commission on April 4, 2014).</a>
4.2*	<a href="#">Contribution Agreement dated as of July 13, 2017 among MLU B.V., Yandex N.V., Stichting Yandex Equity Incentive and Uber International C.V.</a>
4.3*	<a href="#">Shareholders Agreement in relation to MLU B.V. dated as of February 7, 2018 among Yandex N.V., Uber International C.V. and Stichting MLU Equity Incentive and MLU B.V.</a>
4.4*	<a href="#">Subscription Agreement dated as of 12 December 2017 among Yandex N.V., PJSC "Sberbank of Russia" and Yandex Market B.V.</a>
4.5*	<a href="#">Form of Shareholders Agreement dated as of 2018 among PJSC "Sberbank of Russia", Sberbank Nominee, Yandex N.V., Stichting Yandex Market Equity Incentive and Yandex Market B.V.</a>
4.6*	<a href="#">Amendment Deed to Contribution Agreement dated 31 January 2017 among MLU B.V., Yandex N.V., Stichting Yandex Equity Incentive and Uber International C.V.</a>
7.1	<a href="#">Amended and Restated Shareholders Agreement (incorporated by reference to Exhibit 10.1 from our Registration Statement on Form F-1 (file no. 333-173766) filed with the Securities and Exchange Commission on April 28, 2011)</a>
7.2	<a href="#">Amended and Restated Registration Rights Agreement (incorporated by reference to Exhibit 10.2 from our Registration Statement on Form F-1 (file no. 333-173766) filed with the Securities and Exchange Commission on April 28, 2011)</a>
8.1†	<a href="#">Principal Subsidiaries</a>
12.1†	<a href="#">Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2†	<a href="#">Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1†	<a href="#">Certification by Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1†	<a href="#">Consent of JSC KPMG, Independent Registered Public Accounting Firm</a>
15.2†	<a href="#">Consent of ZAO Deloitte &amp; Touche CIS, Independent Registered Public Accounting Firm.</a>
16	<a href="#">Letter dated March 27, 2018 from ZAO Deloitte &amp; Touche CIS</a>
101	The following financial information formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets as of December 31, 2016 and 2017, (ii) Consolidated Statements of Income for the Years Ended December 31, 2015, 2016 and 2017, (iii) Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2015, 2016 and 2017, (iv) Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2016 and 2017, (v) Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2015, 2016 and 2017, and (vi) Notes to Consolidated Financial Statements

\* Confidential treatment requested as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission

† Filed herewith

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

YANDEX N.V.  
By: /s/ ARKADY VOLOZH

Name: Arkady Volozh  
Title: *Chief Executive Officer*

Date: March 27, 2018

VAN DOORNE N.V.

TB/MZ/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*

**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 Schiphol Boulevard 165, 1118 BG Schiphol (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 twenty-eight million nine hundred twenty-nine thousand five hundred ninety-nine euro and fifty-four eurocent (EUR 28,929,599.54) , divided into:
  - a. one billion ninety-three million nine hundred ninety-five thousand seven hundred seventy-four (1,093,995,774) Ordinary Shares of which are:
    - i) one billion (1,000,000,000) Class A Ordinary Shares, each with a par value of one eurocent (EUR 0.01);
    - ii) forty-six million nine hundred ninety-seven thousand eight hundred eighty-seven (46,997,887) Class B Ordinary Shares, each with a par value of ten eurocent (EUR 0.10);
    - iii) forty-six million nine hundred ninety-seven thousand eight hundred eighty-seven (46,997,887) Class C Ordinary Shares, each with a par value of nine eurocent (EUR 0.09);
  - b. one billion and one (1,000,000,001) 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 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.

**GENERAL MEETING.**

**Notice and venue of the General Meeting.**

Article 18.

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.

**Admittance to and chairmanship of the General Meeting.**

**Article 19.**

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.

**Voting rights. Decision-making.**

**Article 20.**

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<sup>th</sup>) 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<sup>th</sup>) 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 Board of Directors. 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.

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

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CONTRIBUTION AGREEMENT

AMONG

MLU B.V.

YANDEX N.V.

STICHTING YANDEX EQUITY INCENTIVE AND

UBER INTERNATIONAL C.V

DATED AS OF

JULY 13, 2017

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#### CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this “**Agreement**”) is made and entered into as of July 13, 2017 (the “**Agreement Date**”) by and among **MLU B.V.**, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) formed under the laws of the Netherlands, having its corporate seat at Amsterdam, its registered office at Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands and registered with the trade register of the Chamber of Commerce under number 69160899 (“**JV Newco**”); **Yandex N.V.**, a public limited liability company (*naamloze vennootschap*) formed under the laws of the Netherlands, having its corporate seat at Amsterdam, its registered office at Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands and registered with the trade register of the Chamber of Commerce under number 27265167 (“**Maple Leaf**”); **Stichting Yandex Equity Incentive**, a foundation (*stichting*) formed under the laws of the Netherlands, having its corporate seat at Amsterdam, its registered office at Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands and registered with the trade register of the Chamber of Commerce under number 57035504 (or any successor thereto, the “**Foundation**”, and together with Maple Leaf, the “**Maple Leaf Shareholders**”); and **Uber International C.V.**, a Dutch law-governed limited partnership (*commanditaire vennootschap*) with registered address at Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda, registered with the Chamber of Commerce in the Netherlands under number 58046143 (“**United**”). **JV Newco**, **Maple Leaf**, the **Foundation** and **United** are collectively referred to herein as the “**Parties**.” Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in [Section 12.1](#) hereof.

#### RECITALS

WHEREAS, prior to Completion, **United** will form a new private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) formed under the laws of the Netherlands (“**United Holdco**”) and, as of immediately prior to Completion, **United** will own all of the issued and outstanding share capital of **United Holdco**;

WHEREAS, following the **United Pre-Completion Restructuring** and immediately prior to Completion, **United Holdco** will own, directly or indirectly, all of the issued and outstanding share capital of each **United Territory Company**;

WHEREAS, following the **United Pre-Completion Restructuring** and immediately prior to Completion, **United Holdco** will own, either directly or indirectly through its ownership of the **United Territory Companies**, the **Acquired Territory Assets** (excluding the **EATS Assets**);

WHEREAS, **United** desires to contribute the issued and outstanding share capital of **United Holdco** and the **United Cash Contribution** to **JV Newco** in exchange for the **United Contribution Shares** upon the terms and conditions set forth in this Agreement;

WHEREAS, the **Maple Leaf Shareholders** own as of the **Agreement Date**, and will own, immediately prior to Completion, all of the issued and outstanding share capital of **Yandex.Taxi Holding B.V.**, a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) formed under the laws of the Netherlands, having its registered seat in Amsterdam (the Netherlands) and its business office at Schiphol Boulevard 165, 1118 BG

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Schiphol (the Netherlands), registered with the trade register of the Chamber of Commerce under number 67977464 (“**Maple Leaf.Taxi Holdco**”);

WHEREAS, the Maple Leaf Shareholders desire to contribute the issued and outstanding share capital of Maple Leaf.Taxi Holdco, and Maple Leaf desires to contribute the Maple Leaf Cash Contribution, in each case, to JV Newco in exchange for the Maple Leaf Contribution Shares and the Foundation Contribution Shares upon the terms and conditions set forth in this Agreement;

WHEREAS, the Board of Uber Technologies, Inc., a Delaware corporation (“**United Parent**”) and ultimate parent of United, has determined that the transactions contemplated by this Agreement (collectively, the “**Transaction**”) are in the best interests of United and its shareholders, and has approved the Transaction Agreements to which United is or will be a party and the Transaction;

WHEREAS, the Board of each of Maple Leaf and the Foundation has determined that the Transaction is in the best interests of such Party, and has approved the Transaction Agreements to which it is or will be a party and the Transaction; and

WHEREAS, the Board of JV Newco has unanimously determined that the Transaction is in its best interests, and has approved the Transaction Agreements to which it is or will be a party and the Transaction.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and conditions contained herein, the Parties hereby agree as follows:

ARTICLE I  
THE PRE-COMPLETION RESTRUCTURING

1.1 Pre-Completion Contribution of Assets.

(a) Prior to Completion, United shall:

(i) form (or procure the formation of) United Holdco; and

(ii) procure that, to the maximum extent permitted under Applicable Law, United Holdco is operated as a shell entity with no operations, liabilities or obligations other than as expressly contemplated by the Transaction Agreements.

(b) Prior to Completion, (i) United shall transfer and deliver (or cause to be transferred and delivered) to United Holdco or any of its Subsidiaries all right, title and interest in and to the issued and outstanding share capital of each of the United Territory Companies, and (ii) United shall transfer and deliver (or cause to be transferred and delivered) to United Holdco or to one or more of the United Territory Companies, as applicable, all right, title and interest of United and its Affiliates (other than the United Group Companies) in and to the Acquired Territory Assets (excluding the EATS Assets),

in each case of clauses (i) and (ii), free and clear of all Encumbrances other than Permitted Encumbrances (collectively, the “**United Pre-Completion Restructuring**”).

(c) The “**Acquired Territory Assets**” shall consist of United’s and its Subsidiaries’ (other than the United Group Companies) right, title and interest in and to all of the tangible assets and contractual rights Related to the Business (excluding any Intellectual Property but including the United Data), including such assets and contractual rights listed on Exhibit 1.1(c); *provided*, that for the avoidance of doubt:

(i) if the Kazakhstan Regulatory Approval is not obtained on or before the Kazakhstan Approval Date, the Acquired Territory Assets shall not include any such assets or contractual rights that are used exclusively in connection with the United Business in Kazakhstan until such time as the Kazakhstan Regulatory Approval has been obtained and the Kazakhstan Transfer is completed in accordance with Section 7.18 of this Agreement; and

(ii) if the Belarus Regulatory Approval is not obtained on or before the Belarus Approval Date, the Acquired Territory Assets shall not include any such assets or contractual rights that are used exclusively in connection with the United Business in Belarus until such time as the Belarus Regulatory Approval has been obtained and the Belarus Transfer is completed in accordance with Section 7.19 of this Agreement.

(d) Notwithstanding any other provision of this Agreement, any right, title and interest in and to any of the (i) tangible assets and contractual rights of any nature that are listed on Exhibit 1.1(d), and (ii) all Intellectual Property and intangible rights (other than, for the avoidance of doubt, United Rider Data and United Driver Data), shall, in each case, not be considered an Acquired Territory Asset under the terms of this Agreement and shall remain with United and its Affiliates (other than the United Group Companies) following Completion.

1.2 Assumption of Assigned Contracts and Liabilities of the United Business. Prior to, or contemporaneously with, Completion, one or more members of the United Group Companies shall (a) assume and agree to pay, discharge and perform, when due and payable and otherwise in accordance with the relevant terms, the Contracts Related to the Business to which United or any of its Affiliates is a party or to which any of their respective properties or assets is bound as of immediately prior to Completion, including those listed on Exhibit 1.2 (collectively, the “**United Assigned Territory Contracts**”, and all Liabilities under such United Assigned Territory Contracts, the “**United Assumed Contract Liabilities**”), and (b) assume and agree to pay, discharge and perform, when due and payable all other Liabilities of United and/or its Affiliates (other than the United Group Companies) Related to the United Business (other than Pre-Completion Taxes of United and/or Affiliates (other than the United Group Companies)); *provided*, to the extent that all obligations under any United Assigned Territory Contact cannot be fully transferred to a member of the United Group Companies except with the consent of, or pursuant to a novation agreement with, the counterparty to such United Assigned Territory Contact, (i) United shall use commercially reasonable efforts to obtain such consent or procure

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

such novation prior to Completion (provided that none of United or any of its Affiliates shall be required to pay any consideration to obtain any such consent or obtain any such novation agreement), (ii) during the Pre-Completion Period, Maple Leaf and United shall discuss in good faith and mutually determine whether any of such United Assigned Territory Contracts should be terminated or re-entered into by the relevant United Group Company directly (and, for the avoidance of doubt, to the extent that Maple Leaf and United agree that any United Assigned Territory Contract should be terminated or re-entered by the relevant United Group Company directly, United shall be deemed to have discharged its obligations pursuant to this Section 1.2 in respect of such United Assigned Territory Contract), and (iii) following Completion, with respect to any of such United Assigned Territory Contracts that Maple Leaf and United agree should not be terminated prior to Completion, JV Newco shall (A) procure that all obligations under such United Assigned Territory Contract are duly and properly performed, assumed, paid and discharged in accordance with their terms and (B) indemnify United and its Affiliates (other than the United Group Companies) against all Actions and Costs incurred or suffered by United or any of its Affiliates (other than the United Group Companies) as result of any failure on the part of JV Newco or its Affiliates to fully perform, satisfy and discharge such obligations on or after the Completion Date.

1.3 Maple Leaf Pre-Completion Restructuring. Prior to Completion, Maple Leaf shall transfer and deliver (or cause to be transferred and delivered) to Maple Leaf Taxi.Holdco or any of its Subsidiaries any and all right, title and interest in and to any issued and outstanding share capital not already held by Maple Leaf Taxi.Holdco or any of its Subsidiaries of each of Maple Leaf.Taxi Technology LLC and Maple Leaf.Taxi Kazakhstan LLP (the “**Maple Leaf Pre-Completion Restructuring**”).

1.4 Intercompany Accounts. Prior to Completion, (a) Maple Leaf shall cause all intercompany payables and receivables between Maple Leaf and/or its Affiliates (other than the Maple Leaf Group Companies), on the one hand, and any member of the Maple Leaf Group Companies, on the other, to be cancelled or otherwise terminated effective as of Completion or earlier and (b) United shall cause all intercompany payables and receivables between United and/or its Affiliates (other than the United Group Companies), on the one hand, and any member of the United Group Companies, on the other, to be cancelled or otherwise terminated effective as of Completion or earlier.

1.5 JV Newco Operation. Prior to Completion, Maple Leaf shall procure that, to the maximum extent permitted under Applicable Law, JV Newco is operated as a shell entity with no material operations, liabilities or obligations other than as expressly contemplated by the Transaction Agreements. Maple Leaf shall (a) provide, upon the reasonable request of United, all information in relation to the pre-Completion operations, liabilities or obligations of JV Newco to United, and (b) inform United if material operations, liabilities or obligations other than as expressly contemplated by the Transaction Agreements are undertaken or entered into by JV Newco. At and from Completion, except as may otherwise be approved by United pursuant to the Shareholders Agreement, JV Newco shall be classified as a corporation for U.S. federal (and applicable state) income tax purposes.

1.6 JV Newco Organizational Documents. Prior to Completion, Maple Leaf shall not make any amendments to the articles of association of JV Newco as appended as Exhibit 1.6 to this Agreement.

ARTICLE 2  
THE CONTRIBUTIONS

2.1 United Contributions.

(a) At Completion, upon the terms and subject to the conditions contained herein, United (or its relevant direct or indirect wholly owned Subsidiary) will convey, transfer, assign, deliver and contribute to JV Newco, and JV Newco will acquire from United (or its relevant direct or indirect wholly owned Subsidiary), (i) all of the issued and outstanding share capital of United Holdco, and (ii) the United Cash Contribution (collectively, the “**United Contributions**”), in exchange for the United Contribution Shares.

(b) At Completion, upon the terms and subject to the conditions contained herein, in consideration for the United Contributions, JV Newco will issue to United (or its direct or indirect wholly owned Subsidiary, as relevant), the United Contribution Shares, free and clear of Encumbrances.

2.2 Maple Leaf Contributions.

(a) At Completion, upon the terms and subject to the conditions contained herein, (i) the Maple Leaf Shareholders will convey, transfer, assign, deliver and contribute to JV Newco, and JV Newco will acquire from the Maple Leaf Shareholders, all of the issued and outstanding share capital of Maple Leaf.Taxi Holdco and (ii) Maple Leaf will convey, transfer, assign, deliver and contribute to JV Newco, and JV Newco will acquire from Maple Leaf, the Maple Leaf Cash Contribution (collectively, as applicable, the “**Maple Leaf Contributions**”), in each case in exchange for the Maple Leaf Contribution Shares and the Foundation Contribution Shares as set forth in Section 2.2(b) below.

(b) At Completion, upon the terms and subject to the conditions contained herein, in consideration for the Maple Leaf Contributions, JV Newco will issue (i) the Maple Leaf Contribution Shares to Maple Leaf and (ii) the Foundation Contribution Shares to the Foundation, the number, methodology, calculation and allocation of the Foundation Contribution Shares to be set out in Schedule 2.2(b), which shall be delivered by Maple Leaf to United in accordance with Section 7.17(d).

2.3 Further Assurances. In case at any time after the Completion Date, any further action by a Party is reasonably necessary to carry out the purposes of the Transaction Agreements, such Party shall, at its own expense, execute and deliver such documents and other papers and take such further actions as may be reasonably required to carry into effect the intents and purposes of the Transaction Agreements (including vesting, perfecting, confirming or

continuing full right, title and interest in all of the rights, title, and interest in any tangible properties or assets (or, solely with respect to Maple Leaf and its Affiliates, any intangible assets) then held by such Party, the conveyance, transfer or assignment of which was or is required by the covenants or other agreements of such Party contained in the Transaction Agreements). From and after the Completion Date, each of Maple Leaf, on the one hand, and United, on the other, shall cause its respective Affiliates to convey, transfer, and assign to JV Newco, or, if JV Newco so directs, to its Subsidiary, free and clear of all Encumbrances, other than Permitted Encumbrances, all rights, title and interest in any tangible rights, properties or assets then held by such Party or any such Affiliates, the conveyance, transfer or assignment of which would have been necessary for the warranties of such Party to be true and correct as of the Completion Date, or the conveyance, transfer or assignment of which was or is required by the covenants or other agreements of such Party contained in the Transaction Agreements.

2.4 Nonassignability of Assets. Notwithstanding anything to the contrary contained in the Transaction Agreements, to the extent that the sale, assignment, sublease, transfer, conveyance or delivery or attempted sale, sublease, assignment, transfer, conveyance or delivery to the United Group Companies or JV Newco, of any asset that would be included as part of the United Contributions or as part of the transfers described in Section 7.21, or any claim or right or any benefit arising thereunder or resulting therefrom, is prohibited by any Applicable Law or would require any Governmental Authorizations or third party authorizations, approvals, consents or waivers, and such authorizations, approvals, consents or waivers shall not have been obtained prior to Completion, the Completion shall proceed without the sale, assignment, sublease, transfer, conveyance or delivery of such asset unless such failure causes a failure of any of the conditions to Completion set forth in Article 9, in which event the Completion shall proceed only if the failed condition is waived by the Party or Parties entitled to the benefit thereof. In the event that the Completion proceeds without the transfer, sublease or assignment of any such asset, then during the period not to \*\* following Completion, United shall use reasonable endeavors, with the cooperation of JV Newco, to promptly obtain such authorizations, approvals, consents or waivers; *provided, however*, that none of United or any of its Affiliates shall be required to pay any consideration to obtain any contractual consent or waiver, other than any such fees, expenses or other consideration required to be paid pursuant to the express provisions of the Contract requiring such consent, which consideration, fees or expenses shall be paid by United, nor shall United or any of its Affiliates be required to pay any amounts in respect of any Governmental Authorization. Pending such authorization, approval, consent or waiver, each of United and JV Newco shall use reasonable endeavors to cooperate with each other in any mutually agreeable, reasonable and lawful arrangements designed to provide to JV Newco the benefits of use of such asset. Once authorization, approval, consent or waiver for the sale, assignment, sublease, transfer, conveyance or delivery of any such asset not sold, assigned, subleased, transferred, conveyed or delivered at Completion is obtained, United shall or shall cause its relevant Affiliates to assign, transfer, convey and deliver such asset to JV Newco at no additional cost. To the extent that any such asset cannot be transferred or the full benefits of use of any such asset cannot be provided to JV Newco following Completion, then United (or any Affiliate thereof holding such asset) and JV Newco (or Subsidiary thereof to which such asset is to be transferred) shall enter into such lawful arrangements (including subleasing, sublicensing or subcontracting) as will provide to JV Newco or, if JV Newco so



directs, to its Subsidiary, the economic and operational equivalent, to the extent permitted and reasonably practicable, of obtaining such authorization, approval, consent or waiver and the performance by JV Newco or its Subsidiary of the obligations thereunder. United and its Affiliates shall hold in trust for and pay to JV Newco promptly upon receipt thereof, all income, proceeds and other monies received by United or any of its Affiliates (net of any Taxes and any other costs imposed upon United or any of its Affiliates) that would have been received by JV Newco or its Subsidiary in the absence of the arrangements under this Section 2.4.

2.5 United GMV and United EBITDA Adjustments.

(a) As soon as practicable, but in any event within \*\* following the Agreement Date, United shall provide Maple Leaf and its Representatives pro forma quarterly income statements (which shall include a reconciliation of EBITDA to net income) and balance sheets of the United Business in the Territories for each quarter (and as of each quarter end) in the period from April 1, 2016 through and including March 31, 2017 (the “**United Pro Forma Statements**”); provided, that United may, in its sole discretion, update the United Pro Forma Statements prior to the completion of the GMV/EBITDA Review Period if United elects to revise any line item(s) on the United Pro Forma Statements to be consistent with the accounting methods, practices, principles and methodologies applied by Maple Leaf in the preparation of its financial statements for the periods covered by the United Pro Forma Statements; provided, further, that at all times the line items used to calculate the United Pro Forma Statements shall be prepared, to the extent applicable, in accordance with U.S. GAAP.

(b) As soon as practicable, but in any event within \*\* from the Agreement Date (the “**GMV/EBITDA Review Period**”), Maple Leaf shall have the right, but not the obligation, to prepare and deliver to United a written schedule (the “**United GMV/EBITDA Statement**”) setting forth in reasonable detail its calculation of (i) \*\*, (ii) \*\*, (iii) \*\* and/or (iv) \*\*. The line items used to calculate the United GMV/EBITDA Statement shall be prepared (A) to the extent applicable, in accordance with U.S. GAAP and (B) shall be consistent with the accounting methods, practices, principles and methodologies applied by United in the preparation of its financial statements for the periods covered by the United Pro Forma Statements, unless Maple Leaf (or its Representatives) can demonstrate, with reasonable detail, that any line items used to calculate the United Pro Forma Statements have been calculated by United using an unreasonable allocation methodology; provided that such United GMV/EBITDA Statement shall:

(i) \*\*, and

(ii) not take into account anything contained in the United Disclosure Letter.

(c) Prior to Completion, United and its Representatives shall cooperate in good faith with and provide to Maple Leaf and its Representatives access (on reasonable notice) to the work papers and books and records relating to the calculation of

(A) \*\*, (B) \*\*, (C) \*\* and (D) \*\*, in each case, in the GMV/EBITDA Spreadsheet, for the purpose of assisting Maple Leaf and its Representatives in their preparation of the United GMV/EBITDA Statement. Following the delivery of the United GMV/EBITDA Statement, if any, Maple Leaf shall provide United and its Representatives reasonable access to the work papers and books and records relating to the preparation of the United GMV/EBITDA Statement for the purpose of assisting United and its Representatives in their review of the United GMV/EBITDA Statement and the calculations contained therein.

(d) If Maple Leaf does not timely dispute or provide any of the (i) \*\*, (ii) \*\*, (iii) \*\* or (iv) \*\* in the United GMV/EBITDA Statement in accordance with Section 2.5(b), then such amounts in the GMV/EBITDA Spreadsheet shall be final and binding.

(e) If United disagrees with any of the calculations in the United GMV/EBITDA Statement, United shall notify Maple Leaf of such disagreement in writing (the “ **United Dispute Notice** ”) within \*\* after delivery of the United GMV/EBITDA Statement. The United Dispute Notice will set forth in reasonable detail (i) any item on the United GMV/EBITDA Statement which United disputes and (ii) United’s alternative calculation of such disputed item. Any item or amount that United does not dispute in the United Dispute Notice within such \*\* period shall be final, binding and conclusive for all purposes hereunder. In the event any such United Dispute Notice is timely provided, United and Maple Leaf shall use commercially reasonable efforts for a period of \*\* (or such longer period as they may mutually agree) to resolve any disagreements with respect to the calculations included in the United GMV/EBITDA Statement that were disputed in the United Dispute Notice. If, at the end of such period, United and Maple Leaf remain unable to resolve the dispute in its entirety, then the unresolved items and amounts thereof in dispute shall be submitted to an internationally recognized independent accounting firm or expert arbitrator that is reasonably acceptable to United and Maple Leaf, which shall not be the independent accountants of United or Maple Leaf (the “ **Dispute Auditor** ”). The Dispute Auditor shall determine, based solely on the provisions of this Section 2.5 and the written submissions by United and Maple Leaf, and not by independent review, only those items and amounts that remain then in dispute as set forth in the United Dispute Notice. United and Maple Leaf shall, and shall cause their respective Affiliates and Representatives to, cooperate in good faith with the Dispute Auditor, and shall give the Dispute Auditor access to all data and other information it reasonably requests for purposes of such resolution. The Dispute Auditor’s determination of the (A) \*\*, (B) \*\*, (C) \*\* and (D) \*\*, as applicable, shall be made within \*\* after the dispute is submitted for its determination and shall be set forth in a written statement delivered to United and Maple Leaf. The Dispute Auditor shall have exclusive jurisdiction over, and resorting to the Dispute Auditor as provided in this Section 2.5(e) shall be the only recourse and remedy of the Parties against one another with respect to, those items and amounts that remain in dispute under this Section 2.5(e), and neither United nor Maple Leaf shall be entitled to seek indemnification or recovery of any attorneys’ fees or other professional fees incurred by such party or its Affiliates in connection with any dispute governed by this Section 2.5. The Dispute Auditor shall not

be permitted to propose its own calculations to resolve any disputed item, instead, the Dispute Auditor must select between the calculation of such item as proposed by Maple Leaf and United (i.e., baseball arbitration) and shall allocate its fees and expenses between United and Maple Leaf in the same proportion to which it selects the positions of the respective Parties. For example, if United challenges the calculation of the (i) \*\*, (ii) \*\*, (iii) \*\* or (iv) \*\*, and the Dispute Auditor selects United's calculation for one of the four disputed items and selects Maple Leaf's calculation for three of the four disputed items, United will bear \*\* of the fees and expenses of the Dispute Auditor and Maple Leaf will bear the other \*\* of such fees and expenses. Any determinations made by the Dispute Auditor pursuant to this Section 2.5(e) shall be final, non-appealable and binding on the parties hereto, absent manifest error or fraud.

2.6 Determination of Maple Leaf GMV and Maple Leaf EBITDA Adjustments.

(a) As soon as practicable, but in any event within the GMV/EBITDA Review Period, United shall have the right, but not the obligation, to prepare and deliver to Maple Leaf a written schedule (the "**Maple Leaf GMV/EBITDA Statement**") setting forth in reasonable detail (i) its calculation of (i) \*\*, (ii) \*\*, (iii) \*\* and/or (iv) \*\*. The line items used to calculate the Maple Leaf GMV/EBITDA Statement shall be prepared (A) to the extent applicable, U.S. GAAP and (B) shall be consistent with the accounting methods, practices, principles and methodologies applied by Maple Leaf in the preparation of the Maple Leaf Group Financial Statements, unless United (or its Representatives) can demonstrate, with reasonable detail, that any line items used to calculate the Maple Leaf Group Financial Statements have been calculated by Maple Leaf using an unreasonable allocation methodology; provided, that such Maple Leaf GMV/EBITDA Statement shall not take into account anything contained in the Maple Leaf Disclosure Letter.

(b) Maple Leaf may, in its sole discretion, update the Maple Leaf Group Financial Statements prior to the completion of the GMV/EBITDA Review Period if Maple Leaf elects to revise any line item(s) on the Maple Leaf Group Financial Statements to be consistent with the accounting methods, practices, principles and methodologies applied by United in the preparation of its financial statements for the periods covered by the Maple Leaf Group Financial Statements; provided, that at all times the line items used to calculate the Maple Leaf Group Financial Statements shall be prepared, to the extent applicable, in accordance with GAAP.

(c) Prior to Completion, Maple Leaf and its Representatives shall cooperate in good faith with and provide to United and its Representatives access (on reasonable notice) to the work papers and books and records relating to the calculation of (i) \*\*, (ii) \*\*, (iii) \*\* and/or (iv) \*\*, in each case, in the GMV/EBITDA Spreadsheet, for the purpose of assisting United and its Representatives in their preparation of the Maple Leaf GMV/EBITDA Statement. Following the delivery of the Maple Leaf GMV/EBITDA Statement, if any, United shall provide Maple Leaf and its Representatives reasonable access to the work papers and books and records relating to the preparation of the Maple Leaf GMV/EBITDA Statement for the purpose of assisting

Maple Leaf and its Representatives in their review of the Maple Leaf GMV/EBITDA Statement and the calculations contained therein.

(d) If United does not timely dispute or provide any of the (i) \*\*, (ii) \*\*, (iii) \*\* or (iv) \*\* in the Maple Leaf GMV/EBITDA Statement in accordance with Section 2.6(b), then such amounts in the GMV/EBITDA Spreadsheet shall be final and binding.

(e) If Maple Leaf disagrees with any of the calculations in the Maple Leaf GMV/EBITDA Statement, Maple Leaf shall notify United of such disagreement in writing (the "**Maple Leaf Dispute Notice**") within \*\* after delivery of the Maple Leaf GMV/EBITDA Statement. The Maple Leaf Dispute Notice will set forth in reasonable detail (i) any item on the Maple Leaf GMV/EBITDA Statement which Maple Leaf disputes and (ii) Maple Leaf's alternative calculation of such disputed item, and the provisions of Section 2.5(e) shall apply, *mutatis mutandis*, to resolving such dispute.

2.7 Determination of Final Ownership Percentages

(a) Following the procedures set forth in Sections 2.5 and 2.6:

(i) the final amount of the \*\* and the \*\*, as determined pursuant to Section 2.5, shall be inputted into CELLS E5 and E4, respectively, in the "Final" Tab of the GMV/EBITDA Spreadsheet; and the final amount of the \*\* and the \*\*, as determined pursuant to Section 2.6, shall be inputted into CELLS D5 and D4, respectively, in the "Final" Tab of the GMV/EBITDA Spreadsheet, and

(ii) the final amount of the \*\* and the \*\*, as determined pursuant to Section 2.5, and shall be inputted into CELLS E10 and E9, respectively, in the "Final" Tab of the GMV/EBITDA Spreadsheet; and the final amount of the \*\* and the \*\*, as determined pursuant to Section 2.6, shall be inputted into CELLS D10 and D9, respectively, in the "Final" Tab of the GMV/EBITDA Spreadsheet; *provided that* no adjustment shall be made if the absolute value of the difference between (A) the Original EBITDA Delta and (B) the Revised EBITDA Delta is less than or equal to \*\*.

(b) No other inputs shall be made to the GMV/EBITDA Spreadsheet other than asset of forth in subparagraph (a) above.

(c) The final United Ownership Percentage and the final Maple Leaf Ownership Percentage shall be the resulting numbers in CELLS E14 and E15, respectively, in the "Final" Tab of the GMV/EBITDA Spreadsheet.

2.8 United Working Capital Adjustment

(a) Within \*\* after the Completion Date, each of United and Maple Leaf shall cause JV Newco to prepare and deliver to the Parties an unaudited

consolidated balance sheet of the United Business as of the end of the Completion Date (the “ **United Completion Date Balance Sheet** ”) and a statement showing the calculation of the United Working Capital Adjustment, if any, (ii) the United Completion Date Indebtedness, if any, and (iii) the United Completion Date Transaction Expenses, if any (together with the United Completion Date Balance Sheet, the “ **United Completion Date Statement** ”). The United Completion Date Statement shall be prepared in accordance with the methodologies applied in the preparation of the United Financial Statements, and shall not include any changes in assets or liabilities as a result of purchase accounting adjustments arising from or resulting as a consequence of the Transactions. Following the delivery of the United Completion Date Statement, JV Newco shall provide United and its Representatives reasonable access to the work papers and books and records relating to the preparation of the United Completion Date Statement for the purpose of assisting United and its Representatives in their review of the United Completion Date Statement and the calculations of the United Working Capital Adjustment (if any), the United Completion Date Indebtedness (if any) and/or the United Completion Date Transaction Expenses (if any) contained therein. If United does not dispute any of the calculations of the United Working Capital Adjustment (if any), the United Completion Date Indebtedness (if any) and/or the United Completion Date Transaction Expenses (if any) contained in the United Completion Date Statement, such amounts shall be final and binding.

(b) If United disagrees with the calculation of any of the United Working Capital Adjustment (if any), the United Completion Date Indebtedness (if any) and/or the United Completion Date Transaction Expenses (if any) contained in the United Completion Date Statement, United shall notify JV Newco of such disagreement in writing within \*\* after delivery of the United Completion Date Statement, which notice will set forth in reasonable detail (i) any item(s) on the United Completion Date Statement which United disputes and (ii) United’s alternative calculation of such disputed item(s), and the provisions of Section 2.5(c) shall apply, *mutatis mutandis*, to resolving such dispute.

(c) “ **United Post-Completion Adjustment Amount** ” means an amount, which may positive or negative, equal to the United Working Capital Adjustment (if any), *minus* the United Completion Date Indebtedness (if any) and *minus* the United Completion Date Transaction Expenses (if any), in each case, as finally determined in accordance with this Section 2.8.

(d) If, and only if, upon final determination in accordance with the terms of this Section 2.8:

(i) the United Post-Completion Adjustment Amount is a negative number, then, within \*\* of such final determination, United shall pay or cause to be paid to JV Newco or one of its designees, by wire transfer of immediately available funds, an amount in cash equal to the United Post-Completion Adjustment Amount; or

(ii) the United Post-Completion Adjustment Amount is a positive number, then within \*\* of such final determination, JV Newco shall pay to United (or its direct or indirect wholly owned Subsidiary, as relevant), by wire transfer of immediately available funds, an amount in cash equal to the United Post-Completion Adjustment Amount.

(e) United A/R Adjustment

(i) On or before the date that is \*\*following the Completion Date, JV Newco shall deliver a written statement (the " **United A/R Statement** ") to Maple Leaf and United setting forth the aggregate amount of the United Completion Date A/R actually collected by JV Newco or any of its Subsidiaries as of the end of business on the date that is \*\* following the Completion Date (the " **United Collected A/R** "), including a calculation of the amount, if any, by which United Completion Date A/R exceeds United Collected A/R (such amount, if any, the " **United A/R Shortfall** "). Following the delivery of the United A/R Statement, JV Newco shall provide United and its Representatives reasonable access to the work papers and books and records relating to the preparation of the United A/R Statement for the purpose of assisting United and its Representatives in their review of the United A/R Statement and the calculation of the United A/R Shortfall (if any) contained therein. If United does not timely dispute the calculation of the United A/R Shortfall contained in the United A/R Statement, such amount shall be final and binding.

(ii) If United disagrees with the calculation of the United A/R Shortfall (if any) contained in the United A/R Statement, United shall notify JV Newco of such disagreement in writing within \*\* after receipt by United of the United A/R Statement, which notice will set forth in reasonable detail United's alternative calculation of the United Shortfall Amount and the provisions of Section 2.5(e) shall apply, *mutatis mutandis*, to resolving such dispute.

(iii) Within \*\* of the final determination of the United A/R Shortfall (if any) in accordance with this Section 2.8(e), United shall pay to JV Newco or one of its designees, by wire transfer of immediately available funds, an amount in cash equal to the United A/R Shortfall; provided, that within \*\* after the end of each calendar quarter following the \*\* of the Agreement Date, for so long as any of the United Completion Date A/R remains outstanding, JV Newco shall pay to United, by wire transfer of immediately available funds, the aggregate amount of United Completion Date A/R actually collected by JV Newco or any of its Subsidiaries during such prior calendar quarter.

(f) Subject to Section 12.8 and notwithstanding any other provision of this Agreement to the contrary, Maple Leaf acknowledges and agrees on behalf of itself and its Affiliates that JV Newco's receipt of any United Post-Completion Adjustment Amount pursuant to this Section 2.8 shall, except in the case of fraud, willful misconduct

or willful concealment, constitute the sole and exclusive remedy under this Agreement with respect to the matters contemplated by this [Section 2.8](#).

2.9 [Maple Leaf Working Capital Adjustment](#).

(a) Within \*\* after the Completion Date, each of United and Maple Leaf shall cause JV Newco to prepare and deliver to the Parties an unaudited consolidated balance sheet of the Maple Leaf Business as of the end of the Completion Date (the “**Maple Leaf Completion Date Balance Sheet**”) and a statement showing the calculation of the Maple Leaf Working Capital Adjustment, if any, (ii) the Maple Leaf Completion Date Indebtedness, if any, and (iii) the Maple Leaf Completion Date Transaction Expenses, if any (together with the Maple Leaf Completion Date Balance Sheet, the “**Maple Leaf Completion Date Statement**”). The Maple Leaf Completion Date Statement shall be prepared in accordance with the methodologies applied in the preparation of the Maple Leaf Group Financial Statements, and shall not include any changes in assets or liabilities as a result of purchase accounting adjustments arising from or resulting as a consequence of the Transactions. Following the delivery of the Maple Leaf Completion Date Statement, JV Newco shall provide Maple Leaf and its Representatives reasonable access to the work papers and books and records relating to the preparation of the Maple Leaf Completion Date Statement for the purpose of assisting Maple Leaf and its Representatives in their review of the Maple Leaf Completion Date Statement and the calculations of the Maple Leaf Working Capital Adjustment (if any), the Maple Leaf Completion Date Transaction Expenses (if any) and/or the Maple Leaf Completion Date Transaction Expenses (if any) contained therein. If Maple Leaf does not dispute any of the calculations of the Maple Leaf Working Capital Adjustment (if any), the Maple Leaf Completion Date Transaction Expenses (if any) and/or the Maple Leaf Completion Date Transaction Expenses (if any) contained in the Maple Leaf Completion Date Statement, such amounts shall be final and binding.

(b) If Maple Leaf disagrees with the calculation of any of the Maple Leaf Working Capital Adjustment (if any), the Maple Leaf Completion Date Indebtedness (if any) and/or the Maple Leaf Completion Date Transaction Expenses (if any) contained in the Maple Leaf Completion Date Statement, Maple Leaf shall notify JV Newco of such disagreement in writing within \*\* after delivery of the Maple Leaf Completion Date Statement, which notice will set forth in reasonable detail (i) any item(s) on the Maple Leaf Completion Date Statement which Maple Leaf disputes and (ii) Maple Leaf’s alternative calculation of such disputed item(s), and the provisions of [Section 2.5\(e\)](#) shall apply, *mutatis mutandis*, to resolving such dispute.

(c) “**Maple Leaf Post-Completion Adjustment Amount**” means an amount, which may positive or negative, equal to the Maple Leaf Working Capital Adjustment (if any), *minus* the Maple Leaf Completion Date Indebtedness (if any) and *minus* the Maple Leaf Completion Date Transaction Expenses (if any), in each case, as finally determined in accordance with this [Section 2.9](#).

- (d) If, and only if, upon final determination in accordance with the terms of this Section 2.9:
- (i) the Maple Leaf Post-Completion Adjustment Amount is a negative number, then, within \*\* of such final determination, Maple Leaf shall pay to JV Newco or one of its designees, by wire transfer of immediately available funds, an amount in cash equal to the Maple Leaf Post-Completion Adjustment Amount; or
  - (ii) the Maple Leaf Post-Completion Adjustment Amount is a positive number, then within \*\* of such final determination, JV Newco shall pay to Maple Leaf, by wire transfer of immediately available funds, an amount in cash equal to the Maple Leaf Post-Completion Adjustment Amount.
- (e) Maple Leaf A/R Adjustment
- (i) On or before the date that is \*\* following the Completion Date, JV Newco shall deliver a written statement (the “**Maple Leaf A/R Statement**”) to United and Maple Leaf setting forth the aggregate amount of the Maple Leaf Completion Date A/R actually collected by JV Newco or any of its Subsidiaries as of the end of business on the date that is \*\* following the Completion Date (the “**Maple Leaf Collected A/R**”), including a calculation of the amount, if any, by which Maple Leaf Completion Date A/R exceeds Maple Leaf Collected A/R (such amount, if any, the “**Maple Leaf A/R Shortfall**”). Following the delivery of the Maple Leaf A/R Statement, JV Newco shall provide Maple Leaf and its Representatives reasonable access to the work papers and books and records relating to the preparation of the Maple Leaf A/R Statement for the purpose of assisting Maple Leaf and its Representatives in their review of the Maple Leaf A/R Statement and the calculation of the Maple Leaf A/R Shortfall (if any) contained therein. If Maple Leaf does not timely dispute the calculation of the Maple Leaf A/R Shortfall contained in the Maple Leaf A/R Statement, such amount shall be final and binding.
  - (ii) If Maple Leaf disagrees with the calculation of the Maple Leaf A/R Shortfall (if any) contained in the Maple Leaf A/R Statement, Maple Leaf shall notify JV Newco of such disagreement in writing within \*\* after receipt by United of the Maple Leaf A/R Statement, which notice will set forth in reasonable detail Maple Leaf’s alternative calculation of the Maple Leaf Shortfall Amount and the provisions of Section 2.5(e) shall apply, *mutatis mutandis*, to resolving such dispute.
  - (iii) Within \*\* of the final determination of the Maple Leaf A/R Shortfall (if any) in accordance with this Section 2.9(e), Maple Leaf shall pay to JV Newco or one of its designees, by wire transfer of immediately available funds, an amount in cash equal to the Maple Leaf A/R Shortfall; provided, that within \*\* after the end of each calendar quarter following the \*\* of the



Agreement Date, for so long as any of the Maple Leaf Completion Date A/R remains outstanding, JV Newco shall pay to Maple Leaf, by wire transfer of immediately available funds, the aggregate amount of Maple Leaf Completion Date A/R actually collected by JV Newco or any of its Subsidiaries during such prior calendar quarter.

(f) Subject to Section 12.8 and notwithstanding any other provision of this Agreement to the contrary, United acknowledges and agrees on behalf of itself and its Affiliates that JV Newco's receipt of any Maple Leaf Post-Completion Adjustment Amount pursuant to this Section 2.9 shall, except in the case of fraud, willful misconduct or willful concealment, constitute the sole and exclusive remedy under this Agreement with respect to the matters contemplated by this Section 2.9.

ARTICLE 3  
COMPLETION

3.1 Completion. Subject to the terms and conditions of this Agreement, the consummation of the Transaction (the "**Completion**") shall take place in the offices of the Notary at Postbus 7113, 1007 JC Amsterdam, Beethovenstraat 400, 1082 PR Amsterdam at 12:00pm, Amsterdam time, on the date that is \*\* following the satisfaction of all the conditions to each Party's obligations hereunder or such other date, time and place as the Parties may mutually agree; provided, that if both the Kazakhstan Regulatory Approval and the Belarus Regulatory Approval shall not have been received as of the date of satisfaction of all the conditions to each Party's obligations hereunder, the Completion shall take place on the earlier of (a) the date that is \*\* following receipt of the Kazakhstan Regulatory Approval and the Belarus Regulatory Approval (provided that all the conditions to each Party's obligations hereunder are satisfied as of such date) and (b) the date that is 30 days following the date of satisfaction of all the conditions to each Party's obligations hereunder, or, if such date is not a Business Day, on the next Business Day following such date. The date on which Completion takes place shall be referred to herein as the "**Completion Date**."

3.2 Appointment of Nominee Directors. At Completion, (a) Maple Leaf will arrange for any managing director of JV Newco that is not remaining on the Board of JV Newco to resign in accordance with the Shareholders Agreement and (b) Nominee Supervisory Director(s) of each of Maple Leaf and United shall be nominated and appointed in accordance with the Shareholders Agreement.

3.3 Completion deliveries of JV Newco to Maple Leaf. At or prior to Completion, JV Newco shall deliver or cause to be delivered to Maple Leaf the following:

- (a) a counterpart signature page duly executed by JV Newco to the Shareholders' Agreement in the form attached hereto as Exhibit 3.3(a) (the "**Shareholders Agreement**");

(b) a counterpart signature page duly executed by JV Newco (or its applicable Affiliates) to the Transition Services Agreement in the form attached hereto as Exhibit 3.3(b) (the “**Transition Services Agreement**”);

(c) a counterpart signature page duly executed by JV Newco (or its applicable Affiliates) to the Global Roaming Agreement in the form attached hereto as Exhibit 3.3(c) (the “**Global Roaming Agreement**”);

(d) [RESERVED];

(e) a counterpart signature page duly executed by Maple Leaf.Taxi LLC to the amendment agreement to the License Agreement No 10088076 of 21 December 2015 in substantially the form attached hereto as Exhibit 3.3(e) (the “**Software License Amendment Agreement**”);

(f) a counterpart signature page duly executed by Maple Leaf.Taxi LLC to the amendment agreement to the Agreement No. 10088506 of 21 December 2015 in substantially the form attached hereto as Exhibit 3.3(f) (the “**Trademark License Amendment Agreement**”);

(g) a counterpart signature page duly executed by JV Newco to the Share Exchange Agreement in the form attached hereto as Exhibit 3.3(g) (the “**Share Exchange Agreement**”);

(h) a counterpart signature page duly executed by JV Newco to the D&O Indemnification Agreement in the form attached hereto as Exhibit 3.3(h) (the “**D&O Indemnification Agreement**”) with each Maple Leaf Director appointed by Maple Leaf to serve on the Board of JV Newco immediately following Completion; and

(i) a counterpart signature page duly executed by JV Newco to the Deed of Covenant in the form attached hereto as Exhibit 3.3(i) (the “**Deed of Covenant**”).

3.4 Completion deliveries of JV Newco and the MLU Foundation to United. At or prior to Completion, JV Newco and/or the MLU Foundation, as applicable, shall deliver or cause to be delivered to United the following:

(a) a counterpart signature page duly executed by the MLU Foundation to the Shareholders Agreement;

(b) a counterpart signature page duly executed by JV Newco to each of (i) the Shareholders Agreement; (ii) the Transition Services Agreement, (iii) the Global Roaming Agreement; (iv) the Share Exchange Agreement; and (v) the Deed of Covenant;

(c) a counterpart signature page duly executed by JV Newco to the D&O Indemnification Agreement with each United Director appointed by United to serve on the Board of JV Newco immediately following Completion;

(d) evidence, in form and substance reasonably satisfactory to United, that (i) ownership and registration of domain name rostaxi.org and copyrights in the website content of taximeter.yandex.ru have been transferred from Maple Leaf LLC to Maple Leaf.Taxi LLC, (ii) an application with Rospatent has been filed to register Maple Leaf.Taxi LLC as the owner of the Rostaxi software program with Rospatent, and (iii) an application with Rospatent to register the assignment of utility model patent (application No. 2016140899) from Maple Leaf LLC to Maple Leaf.Taxi LLC has been filed with Rospatent (“ **Residual Assets** ”);

(e) evidence of adoption of the Incentive Plan by the Board of JV Newco; and

(f) an executed resignation letter from any managing director of JV Newco that is required to resign from such position in accordance with the terms of Section 3.2(a).

3.5 Completion deliveries of United to Maple Leaf. At or prior to Completion, United shall deliver or cause to be delivered to Maple Leaf the following:

(a) a counterpart signature page duly executed by United (or its applicable Affiliates) to each of (i) the Shareholders Agreement; (ii) the Transition Services Agreement, (iii) the Global Roaming Agreement, and (iv) the United Trademark Licensing Agreement in the form attached hereto as Exhibit 3.5(a) (the “ **United Trademark Licensing Agreement** ”);

(b) a counterpart signature page duly executed by each United Director appointed by United to the applicable D&O Indemnification Agreements;

(c) a counterpart signature page duly executed by United Parent to the Deed of Covenant;

(d) a signature page duly executed by United Holdco to the United Trademark Licensing Agreement;

(e) a counterpart signature page duly executed by United and United Parent to the Share Exchange Agreement; and

(f) a duly executed certificate of an authorized officer of United certifying as to the satisfaction of the conditions specified in Sections 9.3(a), 9.3(b) and 9.3(c).

3.6 Completion deliveries of Maple Leaf to United. At Completion, Maple Leaf shall deliver or cause to be delivered to United the following:

- (a) a counterpart signature page duly executed by Maple Leaf (or its applicable Affiliates) to (i) the Shareholders Agreement, (ii) the Trademark License Amendment Agreement and (iii) the Software License Amendment Agreement;
- (b) a counterpart signature page duly executed by Maple Leaf.Taxi LLC to (i) the Trademark License Amendment Agreement and (ii) the Software License Amendment Agreement;
- (c) a counterpart signature page duly executed by each Maple Leaf Director appointed by Maple Leaf to the applicable D&O Indemnification Agreements;
- (d) a counterpart signature page duly executed by Maple Leaf to the Deed of Covenant;
- (e) a payoff letter, duly executed by J.P. Morgan Limited, in a form reasonably satisfactory to United, stating that all payment obligations and any related fees or charges under that certain engagement letter, dated as of March 16, 2017, by and among J.P. Morgan Limited, Maple Leaf and Maple Leaf.Taxi Holdco have been fully and finally satisfied by Maple Leaf.Taxi Holdco and that no Maple Leaf Group Company has any continuing Liabilities under such agreement;
- (f) a counterpart signature page duly executed by Maple Leaf to the Share Exchange Agreement (and Maple Leaf shall cause the number of JV Newco Class B Shares to be transferred to United under the terms of such Share Exchange Agreement);
- (g) a duly executed certificate of an authorized officer of Maple Leaf certifying (i) as to the satisfaction of the conditions specified in Sections 9.2(a), 9.2(b), and 9.2(c) and (ii) the Maple Leaf Contribution Shares and the Foundation Contribution Shares to be allocated at Completion to Maple Leaf and the Foundation respectively, in each case as determined in accordance with this Agreement, the Organizational Documents of Maple Leaf and the Foundation and Applicable Law; and
- (h) a duly executed shareholders' resolution of JV Newco signed by Maple Leaf pursuant to which Maple Leaf has resolved (i) to amend the articles of association of JV Newco and (ii) to issue the United Contribution Shares, the Maple Leaf Contribution Shares and the Foundation Contribution Shares of JV Newco in accordance with Exhibit 3.6(h) (which articles of association shall be in full force and effect as of Completion).

3.7 Completion deliveries of the Parties to the Notary. At Completion, each Party to the Notarial Deed shall deliver or cause to be delivered to the Notary the following (as applicable):

- (a) a fully executed version of this Agreement;
- (b) a fully executed version of the Shareholders' Agreement;

- (c) the Notary Letter duly executed by each such Party;
- (d) a powers of attorney in favor of the Notary and employees of NautaDutilh N.V., to execute the Notarial Deed and the Notarial Deed of Transfer and perform any acts required in relation thereto (signing requirements such as legalisations/apostilles and confirmation statements may apply), duly executed by each such Party;
- (e) the shareholders resolution of JV Newco to amend the articles of association of JV Newco and to issue Foundation Contribution Shares, Maple Leaf Contribution Shares and United Contribution Shares;
- (f) the original shareholders' register of each of:
  - (i) JV Newco, which shall be delivered to the Notary by JV Newco;
  - (ii) United Holdco, which shall be delivered to the Notary by United; and
  - (iii) Maple Leaf.Taxi Holdco, which shall be delivered to the Notary by Maple Leaf.
- (g) any other document the Notary may require from such Party in order to complete the Transaction.

3.8 Miscellaneous.

- (a) All of the documents and monies delivered on the Completion Date pursuant to this Article 3 shall be held by the recipient to the order of the Person delivering them until such time as Completion shall take place. Following the delivery of all documents and monies required to be delivered or paid on the Completion Date or waiver of the delivery of any such document or payment by the Person entitled to receive the relevant document or payment for the purposes of enabling Completion to proceed, the documents and monies delivered pursuant to this Article 3 shall automatically cease to be held to the order of the Person delivering them and Completion shall be deemed to have automatically taken place (with no further action required on the party of any Party).
- (b) United (or its direct or indirect wholly owned Subsidiary, as relevant) shall not be obliged to complete the subscription for the United Contribution Shares under this Agreement unless United (or its direct or indirect wholly owned Subsidiary, as relevant) acquires all of the United Subscription Shares simultaneously, but completion of subscription for some of the United Contribution Shares will not affect the rights of United (or its direct or indirect wholly owned Subsidiary, as relevant) with respect to subscription for the others.

(c) The Maple Leaf Shareholders shall not be obliged to complete the subscription for the Maple Leaf Contribution Shares and/or the Foundation Contribution Shares (as applicable) under this Agreement unless the Maple Leaf Shareholders collectively acquire all of the Maple Leaf Contribution Shares and the Foundation Contribution Shares simultaneously, but completion of subscription for some of the Maple Leaf Contribution Shares and the Foundation Contribution Shares will not affect the rights of the Maple Leaf Shareholders with respect to subscription for the others.

ARTICLE 4  
WARRANTIES OF UNITED CONCERNING THE UNITED GROUP COMPANIES AND THE ACQUIRED TERRITORY ASSETS

Always subject to the limitations in Exhibit 11.1, (i) United warrants to Maple Leaf and JV Newco in the terms of the warranties set out in this Article 4 on the Agreement Date, and (ii) United shall warrant to Maple Leaf and JV Newco in the terms of the warranties set out in this Article 4 at Completion by reference to the facts and circumstances then subsisting and, for this purpose, each of the warranties set out in this Article 4 shall be deemed to be repeated at Completion as if any express or implied reference in it to the Agreement Date was replaced by a reference to the Completion Date:

4.1 Organization and Authority.

(a) Organization; Good Standing. Each of United and each of the United Group Companies is an Entity duly organized, validly existing and in good standing in jurisdictions that recognize the concept, under the laws of its jurisdiction of formation, except where the failure to be in good standing, individually or in the aggregate with any such other failures, would not reasonably be expected to have a material Liability on the United Business taken as a whole. Each of United and the United Group Companies has, directly or indirectly, the requisite corporate power and authority to own, operate and lease its respective properties and to carry on its respective business as currently conducted. Each of the United Group Companies is duly qualified or licensed to operate and conduct the United Business as currently conducted in the Territories, and is in good standing, in jurisdictions that recognize the concept, as a foreign Entity in each jurisdiction where the character of the respective properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except where the failure to be so qualified and in good standing, individually or in the aggregate with any such other failures, would not reasonably be expected to have a material and adverse effect on the United Business taken as a whole. United has heretofore made available to Maple Leaf complete and correct copies of the Organizational Documents for each of the United Group Companies as in effect through (and including) the date hereof. For each United Group Company, such Organizational Documents fully set out all of the rights, restrictions and obligations attaching to each class of Equity Securities of such United Group Company. Each United Group Company has been in compliance in all material respects with its Organizational Documents, and none of the United Group Companies has violated or breached in any material respect any of their respective Organizational Documents.

(b) Power and Authority. United and each of the United Group Companies has all requisite corporate power and authority to enter into, execute, deliver and perform its obligations under each of the Transaction Agreements to which it is or will be a party and to consummate the Transaction. The Transaction and the execution, delivery and performance by United and each of the United Group Companies of the Transaction Agreements to which it is or will be party and all other agreements, transactions and actions contemplated thereby, have been duly and validly approved and authorized by all necessary corporate action (including any Board, partner or shareholder approval, as applicable) on the part of United and each of the United Group Companies, and no other corporate action (including any Board or shareholder approval, as applicable) on the part of United or any such United Group Company is required in connection therewith.

(c) Enforceability. Each of the Transaction Agreements to which United and/or any of the United Group Companies is or will be a party is, or when executed by the parties thereto, will be, valid and binding obligations of United or such applicable United Group Company, enforceable against it in accordance with their respective terms, subject to the effect of (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to rights of creditors generally and (ii) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

(d) No Consents; Conflicts. No consent, approval, order, authorization, release or waiver of, or registration, declaration or filing with, any Governmental Authority, is necessary or required to be made or obtained by United or any United Group Company to enable any of them to lawfully execute and deliver, enter into, and perform under each of the Transaction Agreements to which United or any United Group Company is party or to consummate the Transaction, except (i) such filings, notifications, notices, submissions, applications, or Consents as may be required in connection with the Transaction under applicable Antitrust Laws in the jurisdictions identified in Exhibit 4.1(d)(i) (the "**Required Regulatory Approvals**"), and, if applicable, the Strategic Law, (ii) as otherwise set forth on Section 4.1(d)(ii) of the United Disclosure Letter or the relevant section of the United Supplemental Disclosure Letter (if any) or (iii) those consents, approvals, orders, authorizations, releases, waivers, registrations, declarations or filings the failure of which to obtain or make would not, individually or in the aggregate, (A) reasonably be expected to be material to the ability of United or the United Group Companies to consummate the Transaction or to perform their respective obligations under the Transaction Agreements to which they are or will be a party or (B) have a material and adverse effect on the United Business taken as a whole. Neither the execution and delivery by United or any of the United Group Companies of any of the Transaction Agreements to which it is or will be a party, as applicable, nor the consummation of the Transaction, conflicts with or violates or results in any violation of or default under (with or without notice or lapse of time, or both) or gives rise to a right of termination, cancellation, modification or acceleration of any obligation or loss of any benefit under: (1) any provision of the Organizational Documents of United or any of the United Group Companies, each as currently in effect;

(2) assuming the receipt of all consents, approvals, orders, authorizations, releases and waivers and the making of all registrations, declarations and filings set forth on Section 4.1(d)(ii) of the United Disclosure Letter, any Applicable Law; (3) any United Material Contract; or (4) any United Material Assigned Territory Contract, in each case except as set forth on Section 4.1(d)(iii) of the United Disclosure Letter and in the case of clauses (2) or (3), other than such conflicts, violations, defaults, terminations, cancellations, modifications, accelerations or losses that, individually or in the aggregate, would not (x) reasonably be expected to be material to, or to delay, the ability of United or any of the United Group Companies to consummate the Transaction or to perform their respective obligations under any Transaction Agreements to which it is or will be a party, (y) have a material and adverse effect on the United Business taken as a whole or (z) reasonably be expected to have a material and adverse effect on the Business of JV Newco, taken as a whole, following Completion. No United Group Company is a Strategic Entity.

4.2 Capital Structure.

(a) The issued and allotted share capital, charter capital or registered capital of (i) each United Group Company, other than United Holdco, together with the legal and beneficial owner(s) of such capital, is set forth on Section 4.2(a)(i) of the United Disclosure Letter and (ii) United Holdco, as of immediately prior to Completion, together with the legal and beneficial owner(s) of such capital, is set forth on Section 4.2(a)(ii) of the United Disclosure Letter.

(b) Except as set forth in Section 4.2(a) or Section 4.2(b) of the United Disclosure Letter, (i) there are no, and at Completion there will be no, other issued or allotted Equity Securities of any United Group Company; (ii) there is no Encumbrance on, over or affecting the issued share capital, charter capital or registered capital of any United Group Company, other than such consents, notices, waivers, approvals, orders, authorizations, registrations, declarations and filings as may be required under applicable securities laws and there is no agreement or commitment to give or create any such Encumbrance and no person has made any claim to be entitled to any right over or affecting the issued share capital, charter capital or registered capital of such United Group Company; (iii) no Equity Securities of any United Group Company are subject to any preemptive rights, rights of first refusal (except to the extent provided by Applicable Law) or other rights to purchase such Equity Securities or any other rights with respect to such Equity Securities; (iv) no United Group Company is obligated to issue, sell or transfer any Equity Securities of any United Group Company; (v) no United Group Company is a party or subject to any Contract that affects or relates to the voting or giving of written consents with respect to, or the right to cause the redemption, or repurchase of, any Equity Security of such United Group Company; (vi) no United Group Company has granted any registration rights to any other Person, nor is any United Group Company obliged to list, any of the Equity Securities of any United Group Company on any securities exchange; (vii) there are no voting or similar agreements which relate to the share capital or registered capital of any United Group Company; and (viii) no United Group Company has outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities



having the right to vote) with the shareholders of any United Group Company on any matter, or any agreements to issue such bonds, debentures, notes or other obligations.

(c) All presently outstanding Equity Securities of each United Group Company were duly and validly issued (or subscribed for) and allotted in compliance with all Applicable Laws and are fully paid or credited as fully paid. All dividends (if any) or distributions (if any) declared, made or paid by each United Group Company, and all repurchases and redemptions of Equity Securities of each United Group Company (if any), have been declared, made, paid, repurchased or redeemed, as applicable, in accordance with its Organizational Documents and all Applicable Laws.

4.3 Corporate Structure. Section 4.3 of the United Disclosure Letter sets forth, as of the Agreement Date, a complete and correct structure chart showing each of the United Group Companies and the other entities in which any United Group Company owns any non-controlling equity interest, together with the percentage of the outstanding issued share capital or registered capital, as the case may be, of each such United Group Company and entity directly owned by such United Group Company and indicating the Control relationships among all United Group Companies, the nature of the legal entity in which any United Group Company owns any non-controlling equity interest, and the jurisdiction in which each United Group Company or such other entity was organized. Except as set forth in Section 4.3 of the United Disclosure Letter, no United Group Company owns or Controls any Equity Security, interest or share in any other Person or is or was a participant in any joint venture, partnership or similar arrangement. No United Group Company is obligated under any Contract to make any investment in or capital contribution in or on behalf of any other Person.

4.4 Taxes.

(a) The United Group Companies (and any consolidated, unitary, combined, aggregate or similar group for Tax purposes of which any United Group Company is or has been a member or any Affiliate of United with respect to which any United Group Company could have any liability for Tax) have timely filed all material income and other material Tax Returns that they were required to file and have timely paid all Taxes due and owing whether or not shown on any Tax Return. All such Tax Returns were complete and accurate in all material respects and were prepared in substantial compliance with Applicable Law. United has made available to Maple Leaf complete copies of all material Tax Returns filed for any period ending on or after December 31, 2015, and examination reports of, and any statements of deficiencies assessed against or agreed to by, any of the United Group Companies.

(b) Each of the United Group Companies (i) has complied in all material respects with all Applicable Laws relating to the payment and withholding of Taxes; and (ii) has, within the time and in the manner prescribed by Applicable Law, withheld from employee wages or consulting fees and paid over to the proper Tax Authorities (or is properly holding for such timely payment) all amounts required to be so withheld and paid over under all Applicable Law (including income and employment Tax withholding laws); and (iii) has timely filed all material withholding Tax Returns.

(c) There is (i) no claim for Taxes being asserted against any United Group Company that has resulted in a lien against the property of any United Group Company other than liens for Taxes not yet due and payable or that are being contested in good faith and for which adequate reserves have been established under U.S. GAAP, (ii) to the Knowledge of United, no audit or pending audit of, or Tax dispute associated with, any Tax Return of any United Group Company being conducted by any Tax Authority, (iii) no extension or waiver of any statute of limitations on the assessment of any Taxes granted by any United Group Company currently in effect, and (iv) no agreement to any extension of time for filing any Tax Return of a United Group Company which has not been filed. To the Knowledge of United, no claim has been made by a Tax Authority in a jurisdiction where a United Group Company does not file Tax Returns that such United Group Company is or may be subject to an obligation to file Tax Returns and pay Tax in that jurisdiction.

(d) None of the United Group Companies is or has been a party to or bound by any Tax sharing, Tax indemnity, or Tax allocation agreement (other than this Agreement, the Shareholders Agreement and an Ordinary Commercial Agreement) and none of the United Group Companies has or will have any liability or potential liability to another party under any such agreement. None of the United Group Companies has any liability for the Taxes of any Person (other than the United Group Companies) under Applicable Law or agreement (other than an Ordinary Commercial Agreement), as a transferee or successor or otherwise.

(e) Except as might result from an audit of, or Tax dispute associated with, any Tax Return of any United Group Company, none of the United Group Companies will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Completion Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Completion Date; (ii) specific agreement with any Tax Authority; or (iii) Applicable Law requiring that the taxable net income (after expenses) recognised by the relevant United Group Company in a taxable period ending after the Completion Date is in excess of the accounting net income recognised for the same period.

(f) United has provided to Maple Leaf documentation or summaries describing in reasonable detail any Tax holidays or incentives to which any of the United Group Companies benefits. Each of the United Group Companies is in compliance with the requirements for any applicable Tax holidays or incentives.

(g) Each United Group Company has complied in all material respects with all of its duties under all legislation relating to Tax and has kept all records, made all Tax Returns and supplied all information and given all notices and made all disclosures to any Tax Authority as reasonably requested or required by law within any requisite period. All such Tax Returns and information and notices and any statements or disclosures made to any Tax Authority were and remain correct and accurate in all respects. Each United Group Company has in its possession or under its control sufficient

records, primary supporting documents and information which may be reasonably required (i) to determine its liabilities to Tax, including liabilities which may arise on the future disposal or deemed disposal of any of its assets, and (ii) to utilize any accumulated Tax losses. Each United Group Company has maintained, in all material respects, complete, accurate and up-to-date records to the extent required by Applicable Laws so as to enable it or any third party liable for that to deliver correct and complete Tax Returns.

(h) Each United Group Company has duly submitted all claims, disclaimers, elections, surrenders and applications, which have been assumed to have been made for the purposes of the United Financial Statements.

(i) To the extent applicable, all documents the enforcement of which each United Group Company is or may be interested have been duly stamped and all Transfer Taxes that any such documents may have been subject to have been duly paid. All reliefs from Transfer Tax or similar duty or tax where available have been claimed, and there are no circumstances (including the Completion) under which any such relief could be withdrawn.

(j) Each United Group Company is and has at all times been resident for Tax purposes in the jurisdiction in which it was incorporated or formed and is not and has not at any time been treated as resident in any other jurisdiction for any Tax purpose (including any double taxation arrangement). No United Group Company is or has ever been subject to Tax in any jurisdiction other than its place of incorporation or formation by virtue of having a permanent establishment or other place of business in that jurisdiction. No United Group Company constitutes a permanent establishment of any other person, business or enterprise for any Tax purpose.

(k) All transactions entered into by any United Group Company have been entered into on arm's length terms and no notice or enquiry by any Tax Authority has been made in connection with any such transaction. Each United Group Company has complied with all Applicable Laws, rules and regulations relating to transfer pricing.

(l) No United Group Company has entered into or been a party to any scheme or arrangement which has no business purpose or of which the main purpose, or one of the main purposes, was the avoidance of or the reduction in or the deferral of a liability for Tax.

(m) To the extent required by Applicable Laws, each United Group Company is duly registered for the purposes of any applicable value added tax (" VAT ") and has duly paid or provided for all amounts of VAT and/or similar Taxes for which the relevant United Group Company is liable. Each United Group Company has made, given, obtained and kept full, complete, correct and up-to-date returns, records, invoices and other documents appropriate or required by Applicable Laws for those purposes.

(n) Neither execution nor completion of this Agreement will result in any change in the Tax status, basis or treatment of any United Group Company as a whole, or any of their assets, nor in the withdrawal of any Tax relief granted on or before Completion which would be likely to have a material adverse effect on any United Group Company.

(o) No interest paid by any United Group Company pursuant to any financial obligation or other arrangement has been recharacterised and taxed as a dividend for Tax purposes under the thin capitalisation rules, and there are no circumstances which are likely to result in any interest being so recharacterised and taxed.

4.5 Compliance with Laws. Except as disclosed in Section 4.5 of the United Disclosure Letter:

(a) Taken as a whole: (i) the United Business is conducted, and has at all times been conducted, in compliance in all material respects with all Applicable Law, and (ii) no event has occurred and no circumstance exists that (with or without notice or lapse of time) (A) would reasonably be expected to constitute or result in a material violation by any of the United Group Companies of, or a failure on the part of such Entity to comply in all material respects with, any Applicable Law, or (B) would reasonably be expected to give rise to any material obligation on the part of any of the United Group Companies to undertake, or to bear all or any portion of the cost of, any remedial action initiated or brought by any Governmental Authority. None of United or any of its Affiliates has received any written notice from any Governmental Authority regarding any of the foregoing. None of the United Group Companies is, to the Knowledge of United, under investigation with respect to a material violation of any Applicable Law.

(b) The United Group Companies have or hold all material Governmental Authorizations from or with the relevant Governmental Authority required to operate the United Business, as currently conducted, in accordance with Applicable Law (collectively, the “**United Required Governmental Authorizations**”) and all such material United Required Governmental Authorization are valid and in full force and effect.

(c) Other than as set forth on Section 4.5(c) of the United Disclosure Letter, (i) no United Required Governmental Authorization contains any burdensome restrictions or conditions, (ii) each United Required Governmental Authorization is in full force and effect and will remain in full force and effect upon the consummation of the Transaction, (iii) none of the United Group Companies is in default under any United Required Governmental Authorization, and (iv) to the Knowledge of United, there is no United Required Governmental Authorization which is subject to periodic renewal that will not be granted or renewed. None of the United Group Companies has received any letter or other written communication from any Governmental Authority threatening or providing notice of revocation of any United Required Governmental Authorization

issued to any of the United Group Companies or the need for compliance or remedial actions in respect of any material activities carried out by the United Group Companies.

(d) The United Group Companies, their respective directors or officers, and, to the Knowledge of United, any employees, agents or other persons acting for or on behalf of any United Group Company or the United Business have complied, and are in compliance with, all applicable Anti-Bribery Laws. None of the United Group Companies or any of their respective directors or officers or, to the Knowledge of United, any employee, agent or any other person acting for or on behalf of any United Group Company or the United Business has, (i) made or provided any bribe, influence payment, kickback, payoff, improper payment, speed payment, facilitating payment, improper liaisoning fee, or any other type of payment that would be unlawful under any Anti-Bribery Laws that apply to any of the United Group Companies, including laws that prohibit the corrupt payment, offer, provision, promise or authorization of the payment or transfer of anything of value (including gifts, entertainment, travel, or other benefits), directly or indirectly through third parties, to any Government Official, commercial Entity, or other Person to obtain a business advantage; (ii) in violation of any Anti-Bribery Law, offered, paid, provided, promised to pay, or authorized any payment or transfer of money, political or charitable contributions, financial advantages, or anything of value, directly or indirectly through third parties, to any Person for the purpose of (A) influencing any act or decision of any officer, employee or any other person acting in an official capacity for any Governmental Authority (including any political party or official thereof), or to any candidate for political office (individually and collectively, a “**Government Official**”) in his official capacity, (B) inducing a Government Official to do or omit to do any act in relation to his lawful duty, (C) securing any improper advantage, (D) inducing a Government Official to influence or affect any act or decision of any Governmental Authority, or (E) assisting any United Group Company, or any agent or any other Person acting for or on behalf of any such United Group Company, in obtaining or retaining business for or with, or in directing business to, any Person; or (iii) accepted, solicited, or received any contributions, payments, gifts, benefits, or expenditures that would be unlawful under any Anti-Bribery Law.

(e) No Government Official (i) holds an ownership or other economic interest, direct or, to the Knowledge of United, indirect, in any of the United Group Companies or the United Business, or (ii) serves as an officer, director or, to the Knowledge of United, as an employee of the United Group Companies or provides any services to the United Business. To the Knowledge of United, no Immediate Family Member of an owner, officer, director, or employee of a United Group Company is a Government Official.

(f) None of the United Group Companies or, their respective directors, general directors or, to the Knowledge of United, officers, employees, agents or other Persons acting for or on behalf of any United Group Company or the United Business has (i) established or maintained any unlawful fund or account; (ii) inserted, concealed, or misrepresented corrupt, illegal, or improper payments, expenses, or other entries in the books and records of the United Group Companies or United; (iii) concealed or disguised

the existence, illegal origins, and/or illegal application of criminally derived income/assets or otherwise caused such income or assets to appear to have legitimate origins or constitute legitimate assets; or (iv) used any funds to finance terrorist, drug-related, or other illegal activities.

(g) None of the United Group Companies or, any of their respective directors, general directors or, to the Knowledge of United, officers, employees, agents or any other Persons acting for or on behalf of any of the United Group Companies has ever (i) been, to the Knowledge of United, accused of or investigated for violating any Anti-Bribery Laws, or (ii) been found by a Governmental Authority to have violated any Anti-Bribery Laws or any securities law or is subject to any indictment or any government investigation for bribery.

(h) United has instituted and maintained policies and procedures applicable to the United Group Companies which are designed to promote and achieve compliance with Anti-Bribery Laws, trade sanctions and economic embargoes, and anti-money laundering laws. United maintains a system of internal accounting controls sufficient to provide reasonable assurances that each United Group Company's transactions are properly authorized by management, executed, and recorded.

(i) None of the United Group Companies is 50% or more owned or controlled by a Prohibited Person individually or by Prohibited Persons in the aggregate. Neither the United Group Companies nor any of their respective directors, general directors or, to the Knowledge of United, officers, employees, agents or any other Persons acting for or on behalf of any United Group Company, is a Prohibited Person, and, to the Knowledge of United, no Prohibited Person has been given an offer to become an employee, officer, consultant or director of any of the United Group Companies. Except as authorized under Applicable Law, none of the United Group Companies has knowingly exported, reexported, or transferred any products, technology, or services to, or conducted or agreed to conduct any business or dealings, or knowingly entered into or agreed to enter into any transaction with, a Prohibited Person.

4.6 Financial Statements: Liabilities.

(a) United has delivered to Maple Leaf an unaudited consolidated pro-forma balance sheet and profit and loss statement for the Territories (i) as of and for the year ended on December 31, 2016 and (ii) as of and for the three months ended March 31, 2017 (the "**United Statement Date**") (collectively, the "**United Financial Statements**"). Except as set forth in Section 4.6(a) of the United Disclosure Letter, the United Financial Statements (A) have been prepared in accordance with the United Books and Records, (B) fairly present in all material respects on an unaudited pro-forma basis the financial condition and position of the United Business on a consolidated basis as of the dates indicated therein and on an unaudited pro-forma basis the results of operations of the United Business on a consolidated basis for the periods indicated therein, and (C) all underlying records from which the United Financial Statements were

prepared and are maintained in accordance with U.S. GAAP applied on a consistent basis throughout the periods involved.

(b) None of the United Group Companies have any Liabilities, and there are no Liabilities Related to the United Business, of a type required to be disclosed on a balance sheet prepared accordance with U.S. GAAP except for (i) Liabilities set forth in the United Financial Statements, (ii) current Liabilities incurred since the United Statement Date in the Ordinary Course, (iii) Liabilities that are not material to the United Business and (iv) Liabilities or executory obligations under United Material Contracts or United Assigned Territory Contracts.

(c) No United Group Company has any Indebtedness that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which any of the United Group Companies has otherwise become directly or indirectly liable, except for any (i) Indebtedness that will be fully discharged at no cost or expense to the United Group Companies in connection with the consummation of the Transaction, and (ii) Indebtedness of any United Group Company to any other United Group Company.

4.7 Solvency.

(a) No United Group Company is insolvent under the laws of its jurisdiction of incorporation or has insufficient capital (or access to capital) to pay its debts as they fall due or has stopped or suspended paying its debts as they fall due or has by reason of actual or anticipated financial difficulties commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

(b) No United Group Company has taken any action in any applicable jurisdiction to initiate any process by or under which (i) the ability of the creditors of such United Group Company to take any action to enforce their debts is suspended, restricted or prevented under Applicable Law; (ii) some or all of the creditors of such United Group Company accept, or it is proposed that some or all such creditors will accept, by agreement or in pursuance of an Order, an amount less than the sums owing to them in satisfaction of those sums with a view to preventing the dissolution of such United Group Company; or (iii) a Person is appointed (nor has any such Person been appointed) to manage the affairs, business and/or assets of such United Group Company (or any part thereof) on behalf of its creditors, whether in the role of liquidator, receiver, manager, trustee, supervisor, administrative receiver or otherwise howsoever, nor has any power to appoint any such person become exercisable under any Encumbrance in respect of all or any assets of such United Group Company.

(c) No process has been initiated (including the application for or the making of any order, or the passing of any resolution (or the convening of any meeting for such purpose)) by any Governmental Authority which has resulted, or which would reasonably result, in any United Group Company being wound up or dissolved and/or its assets being distributed among the relevant United Group Company's creditors, shareholders or other contributors.

(d) No creditor of any United Group Company has taken steps to enforce any debt or other sum owed by any United Group Company by (i) instituting any legal proceedings against any United Group Company, (ii) the serving of a statutory demand against any United Group Company, or (iii) the exercise of a lien, power of distraint or sequestration against any United Group Company (in each case where such debt or sum remains unpaid).

(e) None of the following (and no event analogous to any of the foregoing) has occurred in the Russian Federation in relation to any Russian United Group Company:

- (i) implementation of bankruptcy prevention measures, including out-of-court sanction ( *dosudebnaya sanatsya* );
- (ii) the appointment of a liquidation commission ( *likvidatsionnaya komissiya* ) or similar officer;
- (iii) its seeking, consenting to or acquiescing in the introduction of the proceedings for its liquidation or bankruptcy or the appointment of a liquidation commission ( *likvidatsionnaya komissiya* ) or similar officer;
- (iv) the presentation or filing of a petition in any court, arbitrazh court or before any agency alleging or for the bankruptcy, insolvency, dissolution, liquidation (or any analogous proceeding) of such United Group Company;
- (v) the institution of the supervision ( *nabludeniye* ), financial recovery ( *finansovoe ozdorovleniye* ) external management ( *vnesheyye upravleniye* ), liquidation procedure ( *konkursnoye proizvodstvo* ) and/or the appointment of a temporary manager ( *vremenniy upravlyayushchiy* ), administrative manager ( *administrativniy upravlyayushchiy* ), external manager ( *vneshniy upravlyayushchiy* ), bankruptcy manager ( *konkursniy upravlyayushchiy* ) or similar officer;
- (vi) the convening or announcement of an intention to convene a meeting of creditors for the purposes of considering a voluntary arrangement ( *mirovoye soglasheniye* );
- (vii) any extra-judicial winding-up, liquidation or analogous act by any Government Authority in or of the Russian Federation; or
- (viii) the occurrence of any event which, under the Applicable Laws of the Russian Federation (as changed or amended), has an analogous effect to any of the events specified in paragraphs (i) to (vii) (inclusive) of this [Section 4.7\(e\)](#).



(f) No United Group Company has received any written notice from any relevant Governmental Authority stating that such United Group Company has an insufficient level of charter capital or net assets under Applicable Law.

4.8 Material Contracts.

(a) Section 4.8(a) of the United Disclosure Letter contains a complete and accurate list of (i) all United Material Contracts as of the date hereof and (ii) all United Assigned Territory Contracts of the type described in the definition of “United Material Contracts” (such Contracts, the “**United Material Assigned Territory Contracts**”), and none of the United Group Companies is a party to or bound by any United Material Contract that is not listed in Section 4.8(a) of the United Disclosure Letter. United has made available to Maple Leaf true and complete copies of all United Material Contracts and United Material Assigned Territory Contracts, including any amendments thereto, as of the date hereof.

(b) Each United Material Contract and United Material Assigned Territory Contract is a valid and binding agreement of the United Group Company or the Affiliate of United that is a party thereto, as applicable; the performance by the United Group Company or the Affiliate of United of each such agreement, as applicable, does not and will not violate any Applicable Law or Order in any material respect; and each such agreement is in full force and effect and enforceable against the parties thereto, subject to the effect of (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to rights of creditors generally and (ii) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

(c) (i) No United Material Contract or United Material Assigned Territory Contract has been terminated or cancelled by the other party thereto; (ii) (A) each United Group Company has duly performed in all material respects all of its obligations under each United Material Contract to which it is a party and (B) each Affiliate of United has duly performed in all material respects all of its obligations under each United Material Assigned Territory Contract to which it is a party, in each case, to the extent that such obligations to perform have accrued, and no breach or default, alleged breach or alleged default, or event which would (with the passage of time, notice or both) constitute a material breach or default thereunder by such Person or, to the Knowledge of United, any other party or obligor with respect thereto, has occurred, or as a result of the execution, delivery, and performance of the Transaction Agreements, or the consummation of the Transaction, will occur; (iii) no United Group Company party to a United Material Contract or United or any Affiliate of United party to a United Material Assigned Territory Contract, as applicable, has, since the United Statement Date, given written notice that it intends to terminate a United Material Contract or a United Material Assigned Territory Contract (other than with respect to any United Related Party Transactions to be terminated in accordance with Section 7.15(a)), as applicable, or that any other party thereto has breached, violated or defaulted under any United Material Contract or United Material Assigned Territory Contract, as applicable; and (iv) no

United Group Company party to a United Material Contract or any Affiliate of United party to a United Material Assigned Territory Contract has, since the United Statement Date, received any written notice that it has breached, violated or defaulted under any such United Material Contract or United Material Assigned Territory Contract, as applicable, or that any other party thereto intends to terminate such United Material Contract (other than with respect to any United Related Party Transactions to be terminated in accordance with Section 7.15(a)) or United Material Assigned Territory Contract, as applicable.

4.9 Absence of Certain Changes. During the period beginning on the United Statement Date and ending on the Agreement Date, (a) each United Group Company (i) has operated its business in the Ordinary Course in all material respects and (ii) collected receivables and paid payables and similar obligations in the Ordinary Course, and (b) United has operated the United Business in the Ordinary Course in all material respects. During the period beginning on the United Statement Date and ending on the Agreement Date, (A) there has not been any Material Adverse Effect on the United Business, and (B) no event or action has occurred that would require the consent of Maple Leaf pursuant to Section 7.4(b) if such event or action occurred during the Pre-Completion Period.

4.10 Real Property.

(a) Other than pursuant to the United Leases, no United Group Company owns, or has legal or equitable title or other right or interest in, any real property that is material to the operation of the United Business.

(b) Section 4.10(b) of the United Disclosure Letter sets forth each leasehold interest pursuant to which any United Group Company holds any real property that is material to the operation of the United Business (each a " **United Lease** "), indicating the parties to such United Lease and the address of the property demised under the United Lease and the term of the United Lease. The particulars of the United Leases as set forth in Section 4.10(b) of the United Disclosure Letter are true and complete. Each United Lease is in compliance in all material respects with Applicable Law, including with respect to the operation of property and conduct of business as now conducted by the applicable United Group Company which is a party to such United Lease. No United Group Company has sublet, assigned or hypothecated its leasehold interest under any United Lease. The leasehold interests under the United Leases held by the United Group Companies are adequate for the conduct of the United Business as currently conducted. Except as would not have a material and adverse effect on the United Business, taken as a whole, and with respect to each United Lease: (i) such United Lease is legal, valid, binding, enforceable against the parties thereto, and in full force and effect in accordance with its terms, (ii) to the Knowledge of United, there are no disputes with respect to such United Lease, (iii) neither the applicable United Group Company nor, to the Knowledge of United, any other party to the United Lease is in breach or default under such United Lease, and, to the Knowledge of United, no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or

acceleration of rent under such United Lease, and (iv) no security deposit or material portion thereof deposited with respect to such United Lease has been applied in respect of a breach or default under such United Lease which has not been redeposited in full.

4.11 Tangible Assets. Each United Group Company has good and valid title to all of the material tangible assets owned by it (including those reflected in the United Financial Statements, but excluding those that have been disposed of since the United Statement Date and Intellectual Property assets which are covered by Section 4.16 ), in each case free and clear of all Encumbrances, other than Permitted Encumbrances. Immediately after Completion, the tangible assets referenced in the prior sentence (excluding Intellectual Property assets which are covered by Section 4.16 ), together with the Acquired Territory Assets, represent all the tangible assets (excluding Intellectual Property assets which are covered by Section 4.16 ) primarily held for use in the conduct of the United Business as conducted as of and immediately prior to Completion.

4.12 Related Party Transactions. Except those arrangements set forth in Section 4.12 of the United Disclosure Letter, (a) no United Related Party has any material Contract, understanding, or transaction with, or is indebted to, any of the United Group Companies or has any material interest in any of the United Group Companies (other than Equity Securities of such United Group Company as set forth on Section 4.2(a) of the United Disclosure Letter) or the United Business, nor is any United Group Company indebted (or committed to make loans or extend or guarantee credit) to any United Related Party (other than for accrued salaries, for the current pay period, reimbursable expenses or other standard employee benefits); (b) no United Related Party has any material interest in any Person with which a United Group Company or the United Business has a material business relationship (including any Person which purchases from or sells, licenses or furnishes to a United Group Company or the United Business any goods, Intellectual Property or other property rights or services), or in any material Contract that is necessary for the operation of the United Business or to which any of the United Group Companies is a party or, to the Knowledge of United, by which it may be bound or affected, and no United Related Party directly or indirectly competes with, or, to the Knowledge of United, has any material interest in any Person that directly or indirectly competes with, any United Group Company or the United Business (other than ownership of less than one percent (1%) of the share capital of publicly traded companies); (c) as of the Agreement Date, no United Related Party has received any payment or other benefit from any of the United Group Companies (except for payments and benefits received in connection with such Person's employment in the Ordinary Course on an arm's length basis); and (d) to the Knowledge of United no United Related Party has filed or intends to file a cause of action or other claim or Action against any United Group Company or the United Business; *provided* that, for the purposes of clause (b) above, the definition of "United Related Party" shall be deemed to exclude the respective employees and equityholders of United except to the extent that United has Knowledge that such person has a material interest. The arrangements required to be set forth in Section 4.12 of the United Disclosure Letter shall be collectively referred to herein as the " **United Related Party Transactions** " and each as a " **United Related Party Transaction** " .

4.13 Insurance Matters. Except as would not have a material and adverse effect on the United Business, taken as a whole, all insurance policies and all self-insurance programs and arrangements relating to the United Business of each United Group Company are in full force

and effect, no notice of cancellation or modification has been received, and there is no existing default or event which, with the giving of notice or lapse of time or both, would constitute a default, by any insured thereunder. As of the Agreement Date, there is no material claim pending by or on behalf of the United Business under any insurance policy as to which coverage has been questioned, denied or disputed by the underwriters of such policies. None of the United Group Companies has received any written notice of any threatened termination of, material premium increase with respect to, or material alteration of coverage under, any of its respective insurance policies.

4.14 Labor and Employee Matters.

(a) United has made available to Maple Leaf a correct and complete list as of the Agreement Date of all current United Business Employees on an anonymized basis, which sets forth for each such individual the following: (i) date of hire; (ii) job title; (iii) principal place of employment and United employer entity; (iv) base salary; (v) target incentive compensation for 2017; (vi) any material fringe benefit that is not provided generally to all employees; (vii) leave status, excluding annual leave (including type of leave, the date the leave began, if applicable, and expected return date, if known); and (viii) immigration and visa status for employees working outside of such individual's country of citizenship.

(b) Except as disclosed in Section 4.14(b) of the United Disclosure Letter (i) each of the United Group Companies has complied in all material respects with all Applicable Laws related to labor or employment, including provisions thereof relating to wages, hours, overtime, working conditions, benefits, retirement, social welfare, equal opportunity, collective bargaining immigration and employee/contractor classification; (ii) since the formation of each of the United Group Companies, none of the United Group Companies have received notice of any Action relating to the violation or alleged violation of any Applicable Laws by any of the United Group Companies related to labor or employment, including any charge or complaint filed by a United Business Employee with any Governmental Authority, and to the Knowledge of United, no such Actions have been threatened, other than such Actions that, individually or in the aggregate, would not reasonably be expected to be material to, or to delay, the ability of United or any United Group Company to consummate the Transaction or to perform its respective obligations under any Transaction Agreement to which it is or will be a Party; and (iii) none of the United Group Companies are delinquent in payments to any United Business Employee for wages, salaries, commissions, bonuses, or other compensations (other than for accrued amounts for the current pay period).

(c) Section 4.14(c) of the United Disclosure Letter contains a true and complete list of each material Employee Benefit Plan (whether written or otherwise) that is sponsored by, maintained, or contributed to by a United Group Company for the benefit of any current or former employee, officer, consultant, director or other service provider of a United Group Company (or such Person's dependents and beneficiaries) or with respect to which a United Group Company has or could reasonably be expected to have any material obligation (collectively, the "United Benefit Plans"). For each United

Benefit Plan (to the extent applicable) accurate, current and complete copies of the following have been made available to Maple Leaf: (i) all documents setting forth the material terms of such United Benefit Plan, including all amendments; (ii) where the United Benefit Plan has not been reduced to writing, a written summary of all material plan terms; (iii) all material Contracts relating to the maintenance or administration of the United Benefit Plan, including any trust agreements or other funding arrangements; and (iv) all material correspondence, if any, to or from any Governmental Authority or any participant. The United Group Companies do not have any express or implied commitment (A) to create, incur Liability with respect to or cause to exist any new United Benefit Plan, (B) to enter into any Contract to provide compensation or benefits to any individual or (C) to modify, change or terminate any United Benefit Plan, other than with respect to a modification, change or termination required by Applicable Laws.

(d) (i) Each of the United Benefit Plans is and has at all times been operated in compliance with its terms, and in compliance with all Applicable Laws in all material respects; (ii) all contributions to, and payments for each such United Benefit Plan have been timely made, and no event, transaction or condition has occurred or exists that would result in any such Liability to any United Group Companies under such United Benefit Plan as of Completion for which amounts have not been fully funded or fully offset by insurance; (iii) there are no pending or, to the Knowledge of United, threatened Actions involving any United Benefit Plan (except for routine claims for benefits payable in the normal operation of any United Benefit Plan); (iv) each United Group Company maintains, and has fully funded, each United Benefit Plan and any other labor-related plans that it is required by Applicable Law or by Contract to maintain and fund; (v) each United Benefit Plan required under Applicable Law to be registered with a Governmental Authority has been registered and has been maintained in good standing and, if intended to qualify for special Tax treatment, meets all requirements for such treatment; and (vi) each United Group Company is in compliance with all Applicable Laws and Contracts relating to its provision of any form of social insurance, and has paid, or made provision for the payment of, all social insurance contributions required under Applicable Laws and Contracts in the United States.

(e) Except as disclosed in [Section 4.14\(e\)](#) of the United Disclosure Letter, none of the United Benefit Plans is subject to ERISA, and neither United nor any of its Subsidiaries has any director, officer, contractor or employee who is employed or providing services to the United Group Companies in the United States.

(f) Except as disclosed in [Section 4.14\(f\)](#) of the United Disclosure Letter: (i) each United Benefit Plan can be amended, terminated or otherwise discontinued after Completion in accordance with its terms, without material Liability to JV Newco or the United Group Companies (other than ordinary notice and administration requirements and expenses); (ii) no United Benefit Plan provides for notice periods or for payment of separation, severance, redundancy, termination or similar-type benefits to any Person other than or in excess of those required by Applicable Law; and (iii) no United Benefit Plan provides for or promises retiree medical benefits or defined retirement benefits (by reference to earnings or otherwise) to any current or former employee,

officer, consultant, director or other service provider of the United Group Companies or any dependent or beneficiary thereof.

(g) Except as set forth in the Transaction Agreements, neither the execution of any of the Transaction Agreements to which United is a party nor the consummation of the transactions contemplated thereby will constitute an event under any United Benefit Plan that will or may (i) result in any payment becoming due to any current or former director, officer or employee of any United Group Company under any of the United Benefit Plans; (ii) increase any benefits otherwise payable under any of the United Benefit Plans; or (iii) result in any acceleration of the time of payment or vesting of any such benefits.

(h) There has not been, and there is not now pending or, to the Knowledge of United, threatened, any strike, union organization activity, lockout, slowdown, picketing, or work stoppage or any unfair labor practice charge against any United Group Company. No United Group Company is bound by or subject to (and none of their respective assets or properties is bound by or subject to) any written or oral Contract or commitment or arrangement with any labor union or any collective bargaining agreements.

(i) Each United Business Employee is currently devoting substantially all of his or her business time to the conduct of the United Business. To the Knowledge of United, no United Business Employee (i) is subject to any covenant restricting him/her from working for any United Group Company or currently working for any other Person that competes with any United Group Company; or (ii) is obligated under, or in violation of any term of, any Contract or any Order relating to the right of any such individual to be employed by, or to contract with, such United Group Company. No United Group Company has received any written notice alleging that any such violation has occurred. No United Business Employee has given to any United Group Company any notice of an intent to terminate his or her employment with any United Group Company, nor does any United Group Company have a present intention to terminate the employment of any such individual.

4.15 Litigation. Except as disclosed in Section 4.15 of the United Disclosure Letter, there is not currently, nor has there ever been, (a) any Action pending or, to the Knowledge of United, threatened in writing against or affecting any United Group Company, the United Business or against any of the United Business Employees, (b) any judgment or award unsatisfied against any United Group Company or the United Business, or any Order in effect and binding on any of the United Group Companies, or their respective assets or properties, or the United Business, (c) any Action pending by (i) any of the United Group Companies against any third party (nor does any of the United Group Companies intend to commence any such Action) or (ii) United or any of its Affiliates against any third party relating to the United Business (nor does United or any of its Affiliates intend to commence any such Action), and (d) to the Knowledge of United, any writing from any Governmental Authority that has challenged or questioned the legal right of (i) any of the United Group Companies to conduct its business, or

(ii) United or any of its Affiliates to conduct the United Business, in each case, as presently being conducted

4.16 Intellectual Property.

(a) IP Ownership. No Intellectual Property is owned by, or exclusively licensed to, the United Group Companies. All the United Data is owned by United B.V. Neither United B.V. nor any United Group Company has directly licensed the United Data to a third party that is a direct competitor of the United Business or the Maple Leaf Business and, to the Knowledge of United, no such third party has had access to the United Data.

(b) Infringement, Misappropriation and Claims. Neither any United Group Company nor the conduct of the United Business has: (i) violated, infringed or misappropriated any non-Patent Intellectual Property, or to the Knowledge of United, any Patent Intellectual Property of any Person or (ii) contributed to or induced any violation, infringement or misappropriation of any non-Patent Intellectual Property, or to the Knowledge of United, any Patent Intellectual Property of any Person, nor has any United Group Company received any written (or, to the Knowledge of United, unwritten) notice alleging any of the foregoing or otherwise inviting any of the United Group Companies to take a license under any Intellectual Property or consider the applicability of any Intellectual Property to the conduct of the United Business.

(c) IP Contracts. Section 4.16(c) of the United Disclosure Letter sets forth a complete and accurate list of, and United has made available to Maple Leaf true, complete and accurate copies of all Contracts to which United, its Affiliates, or any United Group Company is a party, and (i) pursuant to which any United Group Company is authorized to use, exercise, or receive any benefit from any Intellectual Property of another Person (including of United) that is material to the operation of the United Business, or (ii) that are exclusively used in the United Business.

(d) Data Privacy and Data Security. All United Data is collected by United B.V. United B.V. is the controller of all United Data. United B.V. and the United Group Companies (including authorized service providers) process the United Data. Each of United Group Companies has established, with respect to and for the United Business, privacy policies that are in conformance in all material respects with reputable industry practice and all Applicable Law, including Personal Data Laws. At all times when conducting the United Business, United B.V. has provided, with respect to and for the United Business, accurate notice of its privacy practices on all of its websites (and through mobile applications and other client-side and web interface products); these notices have not contained any material omissions and have not been misleading, deceptive or in violation of Applicable Law, including Personal Data Laws. Each of United Group Companies has complied in all material respects with and is in material compliance with (i) Applicable Law, including Personal Data Laws, (ii) all requirements of self-regulatory organizations, (iii) its internal and external privacy policies, and (iv) any contractual obligations and consumer-facing statements made by or on behalf of any

United Group Company (including any such statements on its Web site, through mobile applications and other client-side and web interface products, and in any marketing or promotional materials) relating to its use, collection, retention, storage, disclosure, transfer, disposal, and other processing of any PII; and the execution, delivery and performance of this Agreement will not result in a material breach or violation of any of the foregoing. None of United nor any of its Affiliates or any of the United Group Companies has received, and to the knowledge of United, there has been no, complaint to any Governmental Authority, or any Action against, United, any of its Affiliates or any of the United Group Companies by any private party or any Governmental Authority, regarding the collection, use, retention, storage, security, transfer, disposal, disclosure or other processing of PII by or for the United Business. United, each of its Affiliates and each of United Group Companies have implemented and maintained reasonable and appropriate disaster recovery and security plans, procedures and facilities and have taken other reasonable steps consistent with industry practices of companies offering similar services to safeguard the Confidential Information, PII, and information technology systems utilized in the operation of the United Business (" **United IT Systems** "), from unauthorized or illegal access and use. There has been no material breach of security or unauthorized access by third parties to (A) the United IT Systems, (B) the confidential information, or (C) any PII collected, held, or otherwise managed by or on behalf of United with respect to the United Business. " **PII** " means any information or data that alone or in combination with other information can be used to specifically identify an individual, along with any other information or data associated directly with such identifying information.

(e) United Data Ownership. United BV has good and valid title to, and is the sole and exclusive owner of, all of the United Data. No United Data is subject to any Encumbrance. No United Data is subject to any proceeding or outstanding Order or settlement agreement or stipulation that (i) restricts in any manner the use, transfer or licensing thereof, or the making, using, sale, or offering for sale of the United Group Companies' products or services, by any of the United Group Companies, or (ii) affects the use of such United Data, in each case, in the Territory. None of the United Group Companies has transferred, assigned or exclusively licensed any United Data to any Person.

(f) United IP. As used herein, "United IP" means the Intellectual Property that will be licensed or otherwise provided to JV Newco or its Subsidiaries under the Transition Services Agreement or Global Roaming Agreement. No United IP is subject to any proceeding or outstanding Order or settlement agreement or stipulation that restricts in any manner the use thereof as contemplated by the Transition Services Agreement or Global Roaming Agreement.

4.17 No Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission or expense reimbursement in connection with the execution of any Transaction Agreement or the consummation of the Transaction based upon arrangements made by or on behalf of United or any of its Affiliates.



4.18 No Additional Warranties. Except for the warranties and undertakings made by United as expressly set forth in this Article 4 or as expressly made by United or any of its Affiliates in any other Transaction Agreement, neither United nor any of its Representatives or Affiliates, or any other Person acting on their behalf, makes any other express or implied, statutory or otherwise, representation, warranty or undertaking of any kind or nature in connection with the Transaction. Neither United nor any of its Representatives or Affiliates, or any other Person acting on their behalf, makes any express or implied, statutory or otherwise, representation, warranty or undertaking with respect to any projections, estimates or budgets provided to Maple Leaf or its Representatives or Affiliates (howsoever and whensoever provided) of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of United and any of its Affiliates (including the United Group Companies) or the future business and operations of United and its Affiliates (including the United Group Companies). None of Maple Leaf or its Representatives or Affiliates has relied on and is not relying on any representations or warranties regarding United, its Affiliates (including the United Group Companies) or their respective businesses (including the United Business), including such representations or warranties made by or on behalf of United before the signature of this Agreement, including during the course of negotiating this Agreement, other than those warranties expressly set forth in this Article 4 or as expressly made by United or any of its Affiliates in any Transaction Agreement; and Maple Leaf, for itself and its Representatives and Affiliates irrevocably and unconditionally waives any right it or they may have to claim damages for any misrepresentation in relation to the subject matter of this Agreement or any other Transaction Agreements unless such misrepresentation was made fraudulently. Notwithstanding this Section 4.18, this Section 4.18 shall not apply to any claim for fraud, willful misconduct or willful concealment.

4.19 Waiver. United (i) waives any right or claim it may have following Completion against any United Group Company, or their respective officers, employees, agents or professional advisers in respect of any misrepresentation, error or omission in connection with any information supplied or statement made by them in connection with this Agreement (other than in the case of fraud, willful misconduct or willful concealment); (ii) irrevocably and unconditionally releases any such Entity or Person from any liability arising from any such misrepresentation, error or omission; and (iii) acknowledges and agrees that any such right or claim shall not constitute a defense to any claim by Maple Leaf or JV Newco under or in relation to this Agreement.

4.20 Separate and Independent Warranties. Each of the warranties in this Article 4 shall be construed as a separate and independent warranty and except where this Agreement expressly provides otherwise, is not limited by the other provisions of this Agreement, including the other warranties.

ARTICLE 5  
WARRANTIES OF MAPLE LEAF CONCERNING JV NEWCO

Maple Leaf (i) warrants to United in the terms of the warranties set out in this Article 5 on the Agreement Date and (ii) shall warrant to United in the terms of the warranties set out in this Article 5 at Completion by reference to the facts and circumstances then subsisting

and, for this purpose, each of the warranties set out in this Article 5 shall be deemed to be repeated at Completion as if any express or implied reference in it to the Agreement Date was replaced by a reference to the Completion Date:

5.1 Organization. JV Newco is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) duly formed and validly existing under the laws of The Netherlands. JV Newco meets all registration requirements under the laws of the Netherlands and all information as reflected in the excerpts of the Dutch trade register as of the Agreement Date are correct and include all essential particulars as of the date thereof.

5.2 Power, Authorization and Validity.

(a) Power and Authority. JV Newco has all requisite corporate power and authority to enter into, execute, deliver and perform its obligations under each of the Transaction Agreements to which it is or will be a party and to consummate the Transaction. The Transaction and the execution, delivery and performance by JV Newco of the Transaction Agreements to which it is or will be party and all other agreements, transactions and actions contemplated thereby, have been duly and validly approved and authorized by all necessary corporate action on the part of JV Newco, and no other corporate action on the part of JV Newco is required in connection therewith.

(b) Enforceability. Each of the Transaction Agreements to which JV Newco is a party to is, or when executed by the parties thereto, will be, valid and binding obligations of JV Newco, enforceable against it in accordance with its respective terms, subject to the effect of (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to rights of creditors generally and (ii) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

5.3 No Prior Operations. JV Newco was formed solely for the purpose of effecting the Transaction and since the date of its formation has not carried on any business or conducted any operations other than the execution of the Transaction Agreements to which it is or will be a party. Other than as specifically contemplated by the Transaction Agreements to which it is or will be a party, JV Newco has no assets or Liabilities. JV Newco does not have, nor has it ever had, any employees, independent contractors or other service providers.

5.4 No Dissolution or Liquidation. No proposal has been made or resolution adopted for the dissolution or liquidation of JV Newco, no circumstances exist which may result in the dissolution or liquidation of JV Newco, and no proposal has been made or resolution adopted for a statutory merger or division, or a similar arrangement of JV Newco.

5.5 Authorized Share Capital; Valid Issuance.

(a) During the period beginning on the Agreement Date and ending on the Completion Date, Maple Leaf has the full right and title to the outstanding shares of JV Newco. All of the outstanding shares of JV Newco (i) are held by Maple Leaf (and

Maple Leaf has the full right and title to such shares) and (ii) have been properly and validly issued and are each fully paid-up and free and clear of any Encumbrances.

(b) Other than as set forth in Section 5.5(a) above, there are no outstanding shares of share capital, or other equity interest in, JV Newco and, other than as specifically provided for in the Transaction Agreements, there are no: (i) outstanding subscriptions, options, calls, warrants or rights (whether or not currently exercisable) to acquire any shares of the share capital, restricted stock unit, stock-based performance unit or any other right that is or may become convertible into or exchangeable for any shares of the share capital or other securities of JV Newco; (ii) share appreciation, phantom shares, profit participation or similar rights with respect to JV Newco; or (iii) Contracts under which JV Newco is or may become obligated to sell or otherwise issue any shares of its share capital or any other securities.

(c) The JV Newco Class B Shares to be issued by JV Newco to United and the Foundation in connection with this Agreement, when issued, will be (i) duly authorized and validly issued (including in accordance with Applicable Law and the articles of association of JV Newco, fully paid and nonassessable and (ii) free and clear of any Encumbrances (other than as set forth in the Shareholders Agreement and restrictions created under applicable securities Laws).

5.6 No Prohibited Persons. JV Newco is not a Prohibited Person and is not 50% or more owned or controlled by a Prohibited Person individually or by Prohibited Persons in the aggregate.

ARTICLE 6  
WARRANTIES OF MAPLE LEAF

Always subject to the limitations in Exhibit 11.2 (i) Maple Leaf warrants to United and JV Newco in the terms of the warranties set out in this Article 6 on the Agreement Date, and (ii) Maple Leaf shall warrant to United and JV Newco in the terms of the warranties set out in this Article 6 at Completion by reference to the facts and circumstances then subsisting and, for this purpose, each of the warranties set out in this Article 6 shall be deemed to be repeated at Completion as if any express or implied reference in it to the Agreement Date was replaced by a reference to the Completion Date:

6.1 Organization and Authority.

(a) Organization; Good Standing.

(i) Each of Maple Leaf and each of the Maple Leaf Group Companies is an Entity duly organized, validly existing and in good standing in jurisdictions that recognize the concept, under the laws of its jurisdiction of formation, except where the failure to be in good standing, individually or in the aggregate with any such other failures, would not reasonably be expected to have a material Liability on the Maple Leaf Business taken as a whole. Each of the

Maple Leaf Group Companies has the requisite corporate power and authority to own, operate and lease its respective properties and to carry on its respective business as currently conducted. Each of the Maple Leaf Group Companies is duly qualified or licensed operate and conduct the Maple Leaf Business as currently conducted in the Territories, and is in good standing, in jurisdictions that recognize the concept, as a foreign Entity in each jurisdiction where the character of the respective properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except where the failure to be so qualified and in good standing, individually or in the aggregate with any such other failures, would not reasonably be expected to have a material and adverse effect on the Maple Leaf Business taken as a whole. Maple Leaf has heretofore made available to United complete and correct copies of the Organizational Documents for each of the Maple Leaf Group Companies as in effect through (and including) the date hereof. For each Maple Leaf Group Company, such Organizational Documents fully set out all of the rights, restrictions and obligations attaching to each class of Equity Securities of such Maple Leaf Group Company. Each Maple Leaf Group Company has been in compliance in all material respects with its Organizational Documents, and none of the Maple Leaf Group Companies has violated or breached in any material respect any of their respective Organizational Documents.

(ii) The Foundation is a foundation (*stichting*) duly organized and validly existing under the laws of the Netherlands.

(b) Power and Authority.

(i) Each of Maple Leaf and each of the Maple Leaf Group Companies has all requisite corporate power and authority to enter into, execute, deliver and perform its obligations under each of the Transaction Agreements to which it is or will be a party and to consummate the Transaction. The Transaction and the execution, delivery and performance by Maple Leaf and each of the Maple Leaf Group Companies of the Transaction Agreements to which it is or will be party and all other agreements, transactions and actions contemplated thereby, have been duly and validly approved and authorized by all necessary corporate action (including any Board or shareholder approval, as applicable) on the part of Maple Leaf and each of the Maple Leaf Group Companies, and no other corporate action (including any Board or shareholder approval, as applicable) on the part of Maple Leaf or any such Maple Leaf Group Company is required in connection therewith.

(ii) The Foundation has all requisite corporate power and authority to enter into, execute, deliver and perform its obligations under each of the Transaction Agreements to which it is or will be a party and to consummate the Transaction. The Transaction and the execution, delivery and performance by the Foundation of the Transaction Agreements to which it is or will be party and all other agreements, transactions and actions contemplated thereby, have been

duly and validly approved and authorized by all necessary corporate action on the part of the Foundation, and no other corporate action on the part of the Foundation is required in connection therewith.

(c) Enforceability.

(i) Each of the Transaction Agreements to which Maple Leaf and/or any of the Maple Leaf Group Companies is or will be a party is, or when executed by the parties thereto, will be, valid and binding obligations of Maple Leaf or such applicable Maple Leaf Group Company, enforceable against it in accordance with its respective terms, subject to the effect of (A) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to rights of creditors generally and (B) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

(ii) Each of the Transaction Agreements to which the Foundation is or will be a party is, or when executed by the parties thereto, will be, valid and binding obligations of the Foundation, enforceable against it in accordance with their respective terms, subject to the effect of (A) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to rights of creditors generally and (B) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

(d) No Consents; Conflicts. No consent, approval, order, authorization, release or waiver of, or registration, declaration or filing with, any Governmental Authority, is necessary or required to be made or obtained by Maple Leaf or any of the Maple Leaf Group Companies to enable any of them to lawfully execute and deliver, enter into, and perform under each of the Transaction Agreements to which Maple Leaf or any Maple Leaf Group Company is or will be party or to consummate the Transaction, except (i) the Required Regulatory Approvals, (ii) as otherwise set forth on Section 6.1(d)(ii) the Maple Leaf Disclosure Letter or the relevant section of the Maple Leaf Supplemental Disclosure Letter (if any) or (iii) those consents, approvals, orders, authorizations, releases, waivers, registrations, declarations or filings the failure of which to obtain or make would not, individually or in the aggregate, (A) reasonably be expected to be material to the ability of Maple Leaf or the Maple Leaf Group Companies to consummate the Transaction or to perform their respective obligations under the Transaction Agreements to which they are or will be a party or (B) have a material and adverse effect on the Maple Leaf Business taken as a whole. Neither the execution and delivery by Maple Leaf or the Maple Leaf Group Companies of any of the Transaction Agreements to which it is or will be a party, as applicable, nor the consummation of the Transaction, conflicts with or violates or results in any violation of or default under (with or without notice or lapse of time, or both) or gives rise to a right of termination, cancellation, modification or acceleration of any obligation or loss of any benefit under: (1) any provision of the Organizational Documents of Maple Leaf or any of the Maple

Leaf Group Companies as currently in effect; (2) assuming the receipt of all consents, approvals, orders, authorizations, releases and waivers and the making of all registrations, declarations and filings set forth on Section 6.1(d)(ii) of the Maple Leaf Disclosure Letter, any Applicable Law; or (3) any Maple Leaf Material Contract, in each case except as set forth on Section 6.1(d)(iii) the Maple Leaf Disclosure Letter and in the case of clauses (2) or (3), other than such conflicts, violations, defaults, terminations, cancellations, modifications, accelerations or losses that, individually or in the aggregate, would not (x) reasonably be expected to be material to, or to delay, the ability of Maple Leaf or any of the Maple Leaf Group Companies to consummate the Transaction or to perform their respective obligations under any Transaction Agreements to which it is or will be a party, (y) have a material and adverse effect on the Maple Leaf Business taken as a whole, or (z) reasonably be expected to have a material and adverse effect on the Business of JV Newco, taken as a whole, following Completion. No Maple Leaf Group Company is a Strategic Entity

6.2 Capital Structure.

(a) The issued and allotted share capital, charter capital or registered capital of each Maple Leaf Group Company, together with the legal and beneficial owner(s) of such capital, is set forth on Section 6.2(a)(i) of the Maple Leaf Disclosure Letter.

(b) Except as set forth in Section 6.2(a) or Section 6.2(b) of the Maple Leaf Disclosure Letter, (i) there are no, and at Completion there will be no, other issued or allotted Equity Securities of any Maple Leaf Group Company; (ii) there is no Encumbrance on, over or affecting the issued share capital, charter capital or registered capital of any Maple Leaf Group Company, other than such consents, notices, waivers, approvals, orders, authorizations, registrations, declarations and filings as may be required under applicable securities laws and there is no agreement or commitment to give or create any such Encumbrance and no person has made any claim to be entitled to any right over or affecting the issued share capital, charter capital or registered capital of such Maple Leaf Group Company; (iii) no Equity Securities of any Maple Leaf Group Company are subject to any preemptive rights, rights of first refusal (except to the extent provided by Applicable Law) or other rights to purchase such Equity Securities or any other rights with respect to such Equity Securities; (iv) no Maple Leaf Group Company is obligated to issue, sell or transfer any Equity Securities of any Maple Leaf Group Company; (v) no Maple Leaf Group Company is a party or subject to any Contract that affects or relates to the voting or giving of written consents with respect to, or the right to cause the redemption, or repurchase of, any Equity Security of such Maple Leaf Group Company; (vi) no Maple Leaf Group Company has granted any registration rights to any other Person, nor is any Maple Leaf Group Company obliged to list, any of the Equity Securities of any Maple Leaf Group Company on any securities exchange; (vii) there are no voting or similar agreements which relate to the share capital or registered capital of any Maple Leaf Group Company; and (viii) no Maple Leaf Group Company has outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote)

with the shareholders of any Maple Leaf Group Company on any matter, or any agreements to issue such bonds, debentures, notes or other obligations.

(c) All presently outstanding Equity Securities of each Maple Leaf Group Company were duly and validly issued (or subscribed for) and allotted in compliance with all Applicable Laws and are fully paid or credited as fully paid. All dividends (if any) or distributions (if any) declared, made or paid by each Maple Leaf Group Company, and all repurchases and redemptions of Equity Securities of each Maple Leaf Group Company (if any), have been declared, made, paid, repurchased or redeemed, as applicable, in accordance with its Organizational Documents and all Applicable Laws.

6.3 Corporate Structure. Section 6.3 of the Maple Leaf Disclosure Letter sets forth, as of the Agreement Date, a complete and correct structure chart showing each of the Maple Leaf Group Companies and the other entities in which any Maple Leaf Group Company owns any non-controlling equity interest, together with the percentage of the outstanding issued share capital or registered capital, as the case may be, of each such Maple Leaf Group Company and entity directly owned by such Maple Leaf Group Company and indicating the Control relationships among all Maple Leaf Group Companies, the nature of the legal entity which any Maple Leaf Group Company owns any non-controlling equity interest, and the jurisdiction in which each Maple Leaf Group Company or such other entity was organized. Except as set forth in Section 6.3 of the Maple Leaf Disclosure Letter, no Maple Leaf Group Company owns or Controls any Equity Security, interest or share in any other Person or is or was a participant in any joint venture, partnership or similar arrangement. No Maple Leaf Group Company is obligated under any Contract to make any investment in or capital contribution in or on behalf of any other Person.

6.4 Taxes.

(a) The Maple Leaf Group Companies (and any consolidated, unitary, combined, aggregate or similar group for Tax purposes of which any Maple Leaf Group Company is or has been a member or any Affiliate of Maple Leaf with respect to which any Maple Leaf Company could have any liability for Tax) have timely filed all material income and other material Tax Returns that they were required to file and have timely paid all Taxes due and owing whether or not shown on any Tax Return. All such Tax Returns were complete and accurate in all material respects and were prepared in substantial compliance with Applicable Law. Maple Leaf has made available to United complete copies of all material Tax Returns filed for any period ending on or after December 31, 2015, and examination reports of, and any statements of deficiencies assessed against or agreed to by, any of the Maple Leaf Group Companies.

(b) Each of the Maple Leaf Group Companies (i) has complied in all material respects with all Applicable Laws relating to the payment and withholding of Taxes; (ii) has, within the time and in the manner prescribed by Applicable Law, withheld from employee wages or consulting fees and paid over to the proper Tax Authorities (or is properly holding for such timely payment) all amounts required to be so

withheld and paid over under all Applicable Laws (including income and employment Tax withholding laws), and (iii) has timely filed all material withholding Tax Returns.

(c) There is (i) no claim for Taxes being asserted against any Maple Leaf Group Company that has resulted in a lien against the property of any Maple Leaf Group Company other than liens for Taxes not yet due and payable or that are being contested in good faith and for which adequate reserves have been established under U.S. GAAP, (ii) to the Knowledge of Maple Leaf, no audit or pending audit of, or Tax dispute associated with, any Tax Return of any Maple Leaf Group Company being conducted by any Tax Authority, (iii) no extension or waiver of any statute of limitations on the assessment of any Taxes granted by any Maple Leaf Group Company currently in effect, and (iv) no agreement to any extension of time for filing any Tax Return of a Maple Leaf Group Company which has not been filed. To the Knowledge of Maple Leaf, no claim has been made by a Tax Authority in a jurisdiction where a Maple Leaf Group Company does not file Tax Returns that such Maple Leaf Group Company is or may be subject to an obligation to file Tax Returns and pay Tax in that jurisdiction.

(d) None of the Maple Leaf Group Companies is or has been a party to or bound by any Tax sharing, Tax indemnity, or Tax allocation agreement (other than this Agreement, the Shareholders Agreement and an Ordinary Commercial Agreement) and none of the Maple Leaf Group Companies has or will have any liability or potential liability to another party under any such agreement. None of the Maple Leaf Group Companies has any liability for the Taxes of any Person (other than the Maple Leaf Group Companies) under Applicable Law or agreement (other than an Ordinary Commercial Agreement), as a transferee or successor or otherwise.

(e) Except as might result from an audit of, or Tax dispute associated with, any Tax Return of any Maple Leaf Group Company, none of the Maple Leaf Group Companies will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Completion Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Completion Date; (ii) specific agreement with any Tax Authority; or (iii) Applicable Law requiring that the taxable net income (after expenses) recognised by the relevant Maple Leaf Group Company in a taxable period ending after the Completion Date is in excess of the accounting net income recognised for the same period.

(f) Maple Leaf has provided to United documentation or summaries describing in reasonable detail any Tax holidays or incentives to which any of the Maple Leaf Group Companies benefits. Each of the Maple Leaf Group Companies is in compliance with the requirements for any applicable Tax holidays or incentives.

(g) Each Maple Leaf Group Company has complied in all material respects with all of its duties under all legislation relating to Tax and has kept all records, made all Tax Returns and supplied all information and given all notices and made all disclosures to any Tax Authority as reasonably requested or required by law within any



requisite period. All such Tax Returns and information and notices and any statements or disclosures made to any Tax Authority were and remain correct and accurate in all respects. Each Maple Leaf Group Company has in its possession or under its control sufficient records, primary supporting documents and information which may be reasonably required (i) to determine its liabilities to Tax, including liabilities which may arise on the future disposal or deemed disposal of any of its assets, and (ii) to utilize any accumulated Tax losses. Each Maple Leaf Group Company has maintained, in all material respects, complete, accurate and up-to-date records to the extent required by Applicable Laws so as to enable it or any third party liable for that to deliver correct and complete Tax Returns.

(h) Each Maple Leaf Group Company has duly submitted all claims, disclaimers, elections, surrenders and applications, which have been assumed to have been made for the purposes of the Maple Leaf Group Financial Statements.

(i) To the extent applicable, all documents the enforcement of which each Maple Leaf Group Company is or may be interested have been duly stamped and all transfer Taxes that any such documents may have been subject to have been duly paid. All reliefs from Transfer Tax or similar duty or tax where available have been claimed, and there are no circumstances (including the Completion) under which any such relief could be withdrawn.

(j) Each Maple Leaf Group Company is and has at all times been resident for Tax purposes in the jurisdiction in which it was incorporated or formed and is not and has not at any time been treated as resident in any other jurisdiction for any Tax purpose (including any double taxation arrangement). No Maple Leaf Group Company is or has ever been subject to Tax in any jurisdiction other than its place of incorporation or formation by virtue of having a permanent establishment or other place of business in that jurisdiction. No Maple Leaf Group Company constitutes a permanent establishment of any other person, business or enterprise for any Tax purpose.

(k) All transactions entered into by any Maple Leaf Group Company have been entered into on arm's length terms and no notice or enquiry by any Tax Authority has been made in connection with any such transaction. Each Maple Leaf Group Company has complied with all Applicable Laws, rules and regulations relating to transfer pricing.

(l) No Maple Leaf Group Company has entered into or been a party to any scheme or arrangement which has no business purpose or of which the main purpose, or one of the main purposes, was the avoidance of or the reduction in or the deferral of a liability for Tax.

(m) To the extent required by Applicable Laws, each Maple Leaf Group Company is duly registered for the purposes of any applicable value added tax VAT and has duly paid or provided for all amounts of VAT and/or similar Taxes for which the relevant Maple Leaf Group Company is liable. Each Maple Leaf Group

Company has made, given, obtained and kept full, complete, correct and up-to-date returns, records, invoices and other documents appropriate or required by Applicable Laws for those purposes.

(n) Neither execution nor completion of this Agreement will result in any change in the Tax status, basis or treatment of any Maple Leaf Group Company as a whole, or any of their assets, nor in the withdrawal of any Tax relief granted on or before Completion which would be likely to have a material adverse effect on any Maple Leaf Group Company.

(o) No interest paid by any Maple Leaf Group Company pursuant to any financial obligation or other arrangement has been recharacterised and taxed as a dividend for Tax purposes under the thin capitalisation rules, and there are no circumstances which are likely to result in any interest being so recharacterised and taxed.

6.5 Compliance with Laws. Except as disclosed in Section 6.5 of the Maple Leaf Disclosure Letter:

(a) Taken as a whole: (i) the Maple Leaf Business is conducted, and has at all times been conducted, in compliance in all material respects with all Applicable Laws, and (ii) no event has occurred and no circumstance exists that (with or without notice or lapse of time) (A) would reasonably be expected to constitute or result in a material violation by any of the Maple Leaf Group Companies of, or a failure on the part of such Entity to comply in all material respects with, any Applicable Law, or (B) would reasonably be expected to give rise to any material obligation on the part of any of the Maple Leaf Group Companies to undertake, or to bear all or any portion of the cost of, any remedial action initiated or brought by any Governmental Authority. None of Maple Leaf or any of its Affiliates has received any written notice from any Governmental Authority regarding any of the foregoing. None of the Maple Leaf Group Companies is, to the Knowledge of Maple Leaf, under investigation with respect to a material violation of any Applicable Law.

(b) The Maple Leaf Group Companies have or hold all material Governmental Authorizations from or with the relevant Governmental Authority required to operate the Maple Leaf Business, as currently conducted, in accordance with Applicable Law (collectively, the “**Maple Leaf Required Governmental Authorizations**”), and all such material Maple Leaf Required Governmental Authorizations are valid and in full force and effect.

(c) Other than as set forth on Section 6.5(c) of the Maple Leaf Disclosure Letter, (i) no Maple Leaf Required Governmental Authorization contains any burdensome restrictions or conditions, (ii) each Maple Leaf Required Governmental Authorization is in full force and effect and will remain in full force and effect upon the

consummation of the Transaction, (iii) none of the Maple Leaf Group Companies is in default under any Maple Leaf Required Governmental Authorization, and (iv) to the Knowledge of Maple Leaf, there is no Maple Leaf Required Governmental Authorization which is subject to periodic renewal that will not be granted or renewed. None of the Maple Leaf Group Companies has received any letter or other written communication from any Governmental Authority threatening or providing notice of revocation of any Maple Leaf Required Governmental Authorization issued to any of the Maple Leaf Group Companies or the need for compliance or remedial actions in respect of any material activities carried out by the Maple Leaf Group Companies.

(d) The Maple Leaf Group Companies, their respective directors or officers, and, to the Knowledge of Maple Leaf, any employees, agents or other persons acting for or on behalf of any Maple Leaf Group Company or the Maple Leaf Business have complied, and are in compliance with, all applicable Anti-Bribery Laws. None of the Maple Leaf Group Companies or any of their respective directors or officers or, to the Knowledge of Maple Leaf, any employee, agent or any other person acting for or on behalf of any Maple Leaf Group Company or the Maple Leaf Business has, (i) made or provided any bribe, influence payment, kickback, payoff, improper payment, speed payment, facilitating payment, improper liaisoning fee, or any other type of payment that would be unlawful under any Anti-Bribery Laws that apply to any of the Maple Leaf Group Companies, including laws that prohibit the corrupt payment, offer, provision, promise or authorization of the payment or transfer of anything of value (including gifts, entertainment, travel, or other benefits), directly or indirectly through third parties, to any Government Official, commercial Entity, or other Person to obtain a business advantage; (ii) in violation of any Anti-Bribery Law, offered, paid, provided, promised to pay, or authorized any payment or transfer of money, political or charitable contributions, financial advantages, or anything of value, directly or indirectly through third parties, to any Person for the purpose of (A) influencing any act or decision of Government Official in his official capacity, (B) inducing a Government Official to do or omit to do any act in relation to his lawful duty, (C) securing any improper advantage, (D) inducing a Government Official to influence or affect any act or decision of any Governmental Authority, or (E) assisting any Maple Leaf Group Company, or any agent or any other Person acting for or on behalf of any such Maple Leaf Group Company, in obtaining or retaining business for or with, or in directing business to, any Person; or (iii) accepted, solicited, or received any contributions, payments, gifts, benefits, or expenditures that would be unlawful under any Anti-Bribery Law.

(e) No Government Official (i) holds an ownership or other economic interest, direct or, to the Knowledge of Maple Leaf, indirect, in any of the Maple Leaf Group Companies or the Maple Leaf Business, or (ii) serves as an officer, director or, to the Knowledge of Maple Leaf, serves as an employee of any of the Maple Leaf Group Companies or provides any services to the Maple Leaf Business. To the Knowledge of Maple Leaf, no Immediate Family Member of an owner, officer, director, or employee of a Maple Leaf Group Company is a Government Official.

(f) None of the Maple Leaf Group Companies or their respective directors, general directors or, to the Knowledge of Maple Leaf, officers, employees, agents or other Persons acting for or on behalf of any Maple Leaf Group Company or the Maple Leaf Business has (i) established or maintained any unlawful fund or account; (ii) inserted, concealed, or misrepresented corrupt, illegal, or improper payments, expenses, or other entries in the books and records of the Maple Leaf Group Companies or Maple Leaf; (iii) concealed or disguised the existence, illegal origins, and/or illegal application of criminally derived income/assets or otherwise caused such income or assets to appear to have legitimate origins or constitute legitimate assets; or (iv) used any funds to finance terrorist, drug-related, or other illegal activities.

(g) None of the Maple Leaf Group Companies or any of their respective directors, general directors or to the Knowledge of Maple Leaf, officers, employees, agents or any other Persons acting for or on behalf of any of the Maple Leaf Group Companies has ever (i) been, to the Knowledge of Maple Leaf, accused of or investigated for violating any Anti-Bribery Laws, or (ii) been found by a Governmental Authority to have violated any Anti-Bribery Laws or any securities law or is subject to any indictment or any government investigation for bribery.

(h) Maple Leaf has instituted and maintained policies and procedures applicable to the Maple Leaf Group Companies which are designed to promote and achieve compliance with Anti-Bribery Laws, trade sanctions and economic embargoes, and anti-money laundering laws. Maple Leaf maintains a system of internal accounting controls sufficient to provide reasonable assurances that each Maple Leaf Group Company's transactions are properly authorized by management, executed, and recorded.

(i) None of the Maple Leaf Group Companies is 50% or more owned or controlled by a Prohibited Person individually or by Prohibited Persons in the aggregate. Neither the Maple Leaf Group Companies nor, any of their respective directors, general directors or, to the Knowledge of Maple Leaf, officers, employees, agents or any other Persons acting for or on behalf of any Maple Leaf Group Company, is a Prohibited Person, and, to the Knowledge of Maple Leaf, no Prohibited Person has been given an offer to become an employee, officer, consultant or director of any of the Maple Leaf Group Companies. Except as authorized under Applicable Law, none of the Maple Leaf Group Companies has knowingly exported, reexported, or transferred any products, technology, or services to, or conducted or agreed to conduct any business or dealings, or knowingly entered into or agreed to enter into any transaction with, a Prohibited Person. Neither Maple Leaf nor any of its Affiliates engages in, operates, or invests in, directly or indirectly, any business in China that provides or facilitates ride-sharing, taxi or designated driver services through any online or mobile application platform which connects drivers of vehicles and vehicle passengers (the "**Restricted China Business**").

6.6 Financial Statements: Liabilities.

(a) Maple Leaf has delivered to United Maple Leaf Group's (i) audited consolidated financial statements as of and for the year ended on December 31, 2016

(“ 2016 Maple Leaf Group Financial Statements ”) and (ii) unaudited condensed consolidated statement of income and unaudited condensed consolidated cash flow statement as of and for the three (3) months ended March 31, 2017 (“ Maple Leaf Group Statement Date ”) (“ 1Q2017 Maple Leaf Group Financial Statements ”) and together with the 2016 Maple Leaf Group Financial Statements, the “ Maple Leaf Group Financial Statements ”). Except as set out in Section 6.6(a) of the Maple Leaf Disclosure Letter, the Maple Leaf Group Financial Statements (A) have been prepared in accordance with the Maple Leaf Books and Records and (B) fairly present in all material respects the financial condition and position of the Maple Leaf Group Companies on a consolidated basis as of the dates indicated therein and the results of operations and cash flows of the Maple Leaf Group Companies on a consolidated basis for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto and normal year-end audit adjustments that are not expected to be material. The 2016 Maple Leaf Group Financial Statements were prepared and maintained in accordance with U.S. GAAP applied on a consistent basis throughout the periods involved; and in respect of the 1Q2017 Maple Leaf Group Financial Statements, all underlying records from which the 1Q2017 Maple Leaf Group Financial Statements were prepared are maintained in accordance with U.S. GAAP applied on a consistent basis throughout the period involved.

(b) None of the Maple Leaf Group Companies have any Liabilities, and there are no Liabilities Related to the Maple Leaf Business, of a type required to be disclosed on a balance sheet prepared in accordance with U.S. GAAP except for (i) Liabilities set forth in the Maple Leaf Group Financial Statements, (ii) current Liabilities incurred since the Maple Leaf Group Statement Date in the Ordinary Course, (iii) Liabilities that are not material to the Maple Leaf Business and (iv) Liabilities or executory obligations under Maple Leaf Material Contracts.

(c) No Maple Leaf Group Company has any Indebtedness that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which any of the Maple Leaf Group Companies has otherwise become directly or indirectly liable, except for any (i) Indebtedness that will be fully discharged at no cost or expense to the Maple Leaf Group Companies in connection with the consummation of the Transaction, and (ii) Indebtedness of any Maple Leaf Group Company to any other Maple Leaf Group Company.

6.7 Solvency.

(a) No Maple Leaf Group Company is insolvent under the laws of its jurisdiction of incorporation or has insufficient capital (or access to capital) to pay its debts as they fall due or has stopped or suspended paying its debts as they fall due or has by reason of actual or anticipated financial difficulties commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

(b) No Maple Leaf Group Company has taken any action in any applicable jurisdiction to initiate any process by or under which (i) the ability of the

creditors of any Maple Leaf Group Company to take any action to enforce their debts is suspended, restricted or prevented under Applicable Law; (ii) some or all of the creditors of any Maple Leaf Group Company accept, or it is proposed that some or all such creditors will accept, by agreement or in pursuance of an Order or otherwise, an amount less than the sums owing to them in satisfaction of those sums with a view to preventing the dissolution of any Maple Leaf Group Company; (iii) a Person is appointed (nor has any such Person been appointed) to manage the affairs, business and/or assets of any Maple Leaf Group Company (or any part thereof) on behalf of its creditors, whether in the role of liquidator, receiver, manager, trustee, supervisor, administrative receiver or otherwise howsoever, nor has any power to appoint any such person become exercisable under any Encumbrance in respect of all or any assets of such Maple Leaf Group Company.

(c) No process has been initiated (including the application for or the making of any order, or the passing of any resolution (or the convening of any meeting for such purpose)) by any Governmental Authority which has resulted, or which would reasonably result, in any Maple Leaf Group Company being wound up or dissolved and/or its assets being distributed among the relevant Maple Leaf Group Company's creditors, shareholders or other contributors.

(d) No creditor of any Maple Leaf Group Company has taken steps to enforce, any debt or other sum owed by any Maple Leaf Group Company by (i) institution any legal proceedings against any Maple Leaf Group Company, (ii) the serving of a statutory demand against any Maple Leaf Group Company, or (iii), the exercise of a lien, power of distraint, or sequestration against any Maple Leaf Group Company (in each case, where such debt or sum remains unpaid).

(e) None of the following (and no event analogous to any of the foregoing) has occurred in the Russian Federation in relation to any Russian Maple Leaf Group Company:

(i) implementation of bankruptcy prevention measures, including out-of-court sanction ( *dosudebnaya sanatsiya* );

(ii) the appointment of a liquidation commission ( *likvidatsionnaya komissiya* ) or similar officer;

(iii) its seeking, consenting to or acquiescing in the introduction of the proceedings for its liquidation or bankruptcy or the appointment of a liquidation commission ( *likvidatsionnaya komissiya* ) or similar officer;

(iv) to the Knowledge of Maple Leaf, the presentation or filing of a petition in any court, arbitrazh court or before any agency alleging or for the bankruptcy, insolvency, dissolution, liquidation (or any analogous proceeding) of such Maple Leaf Group Company;

(v) the institution of the supervision ( *nabludeniye* ), financial recovery ( *finansovoe ozdorovleniye* ) external management ( *vneshneye upravleniye* ), liquidation procedure ( *konkursnoye proizvodstvo* ) and/or the appointment of a temporary manager ( *vremenniy upravlyayushchiy* ), administrative manager ( *administrativniy upravlyayushchiy* ), external manager ( *vneshniy upravlyayushchiy* ), bankruptcy manager ( *konkursniy upravlyayushchiy* ) or similar officer;

(vi) the convening or announcement of an intention to convene a meeting of creditors for the purposes of considering a voluntary arrangement ( *mirovoye soglasheniye* );

(vii) any extra-judicial winding-up, liquidation or analogous act by any Government Authority in or of the Russian Federation; or

(viii) the occurrence of any event which, under the Applicable Laws of the Russian Federation (as changed or amended), has an analogous effect to any of the events specified in paragraphs (i) to (vii) (inclusive) of this [Section 6.7\(c\)](#).

(f) No Maple Leaf Group Company has received any written notice from any relevant Governmental Authority stating that such Maple Leaf Group Company has an insufficient level of charter capital or net assets under Applicable Law.

#### 6.8 [Material Contracts](#).

(a) [Section 6.8](#) of the Maple Leaf Disclosure Letter contains a complete and accurate list of all Maple Leaf Material Contracts as of the date hereof, and none of the Maple Leaf Group Companies is a party to or bound by any Maple Leaf Material Contract that is not listed in [Section 6.8](#) of the Maple Leaf Disclosure Letter. Maple Leaf has made available to United true and complete copies of all Maple Leaf Material Contracts, including any amendments thereto, as of the date hereof.

(b) Each Maple Leaf Material Contract is a valid and binding agreement of the Maple Leaf Group Company or the Affiliate of Maple Leaf that is a party thereto, as applicable; the performance by the Maple Leaf Group Company of each such agreement does not and will not violate any Applicable Law or Order in any material respect; and each such agreement is in full force and effect and enforceable against the parties thereto, subject to the effect of (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to rights of creditors generally and (ii) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

(c) (i) No Maple Leaf Material Contract has been terminated or cancelled by the other party thereto; (ii) each such Maple Leaf Group Company has duly performed in all material respects all of its obligations under each Maple Leaf Material

Contract to which it is a party to the extent that such obligations to perform have accrued, and no breach or default, alleged breach or alleged default, or event which would (with the passage of time, notice or both) constitute a material breach or default thereunder by such Person or, to the Knowledge of Maple Leaf, any other party or obligor with respect thereto, has occurred, or as a result of the execution, delivery, and performance of the Transaction Agreements, or the consummation of the Transaction, will occur; (iii) no Maple Leaf Group Company party to a Maple Leaf Material Contract has, since the Maple Leaf Group Statement Date, given written notice that it intends to terminate a Maple Leaf Material Contract or that any other party thereto has breached, violated or defaulted under any Maple Leaf Material Contract; and (iv) no Maple Leaf Group Company party to a Maple Leaf Material Contract has, since the Maple Leaf Group Statement Date, received any written notice that it has breached, violated or defaulted under any Maple Leaf Material Contract or that any other party thereto intends to terminate such Maple Leaf Material Contract.

6.9 Absence of Certain Changes. Save as set out in Section 6.9 of the Maple Leaf Disclosure Letter, during the period beginning on the Maple Leaf Group Statement Date and ending on the Agreement Date, (a) each Maple Leaf Group Company (i) has operated its business in the Ordinary Course in all material respects and (ii) collected receivables and paid payables and similar obligations in the Ordinary Course, and (b) Maple Leaf has operated the Maple Leaf Business in the Ordinary Course in all material respects. During the period beginning on the Maple Leaf Group Statement Date and ending on the Agreement Date, (A) there has not been any Material Adverse Effect on the Maple Leaf Business, and (B) no event or action has occurred that would require the consent of United pursuant to Section 7.3(b) if such event or action occurred during the Pre-Completion Period.

6.10 Real Property.

(a) Other than pursuant to the Maple Leaf Leases, no Maple Leaf Group Company owns, or has legal or equitable title or other right or interest in any real property.

(b) Section 6.10(b) of the Maple Leaf Disclosure Letter sets forth each leasehold interest pursuant to which any Maple Leaf Group Company holds any material real property (each a “**Maple Leaf Lease**”), indicating the parties to such Maple Leaf Lease and the address of the property demised under the Maple Leaf Lease and the term of the Maple Leaf Lease. The particulars of the Maple Leaf Leases as set forth in Section 6.10(b) of the Maple Leaf Disclosure Letter are true and complete. Each Maple Leaf Lease is in compliance in all material respects with Applicable Law, including with respect to the operation of property and conduct of business as now conducted by the applicable Maple Leaf Group Company which is a party to such Maple Leaf Lease. No Maple Leaf Group Company has sublet, assigned or hypothecated its leasehold interest under any Maple Leaf Lease. The leasehold interests under the Maple Leaf Leases held by the Maple Leaf Group Companies are adequate for the conduct of the Maple Leaf Business as currently conducted. Except as would not have a material and adverse effect on the Maple Leaf Business, taken as a whole, and with respect to each Maple Leaf



Lease: (i) such Maple Leaf Lease is legal, valid, binding, enforceable against the parties thereto, and in full force and effect in accordance with its terms, (ii) to the Knowledge of Maple Leaf, there are no disputes with respect to such Maple Leaf Lease, (iii) neither the applicable Maple Leaf Group Company nor, to the Knowledge of Maple Leaf, any other party to the Maple Leaf Lease is in breach or default under such Maple Leaf Lease, and, to the Knowledge of Maple Leaf, no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Maple Leaf Lease, and (iv) no security deposit or material portion thereof deposited with respect to such Maple Leaf Lease has been applied in respect of a breach or default under such Maple Leaf Lease which has not been redeposited in full.

6.11 Assets; Sufficiency. Each Maple Leaf Group Company has good and valid title to all of the material assets owned by it (including those reflected in the Maple Leaf Group Financial Statements, together with all assets acquired thereby since the Maple Leaf Group Statement Date, but excluding those that have been disposed of since the Maple Leaf Group Statement Date and Intellectual Property assets which are covered by Section 6.16.), in each case free and clear of all Encumbrances, other than Permitted Encumbrances. Immediately after Completion, the tangible assets referenced in the prior sentence (excluding Intellectual Property assets which are covered by Section 6.16.) represent all the tangible assets (excluding Intellectual Property assets which are covered by Section 6.16.) necessary for the conduct of the Maple Leaf Business as of and immediately prior to Completion.

6.12 Related Party Transactions. Except those arrangements set forth in Section 6.12 of the Maple Leaf Disclosure Letter, (a) no Maple Leaf Related Party has any material Contract, understanding, or transaction with, or is indebted to, any of the Maple Leaf Group Companies, or has any material interest in any of the Maple Leaf Group Companies (other than Equity Securities of such Maple Leaf Group Company as set forth on Section 6.2(a) of the Maple Leaf Disclosure Letter) or the Maple Leaf Business, nor is any Maple Leaf Group Company indebted (or committed to make loans or extend or guarantee credit) to any Maple Leaf Related Party (other than for accrued salaries, for the current pay period, reimbursable expenses or other standard employee benefits); (b) no Maple Leaf Related Party has any material interest in any Person with which a Maple Leaf Group Company or the Maple Leaf Business has a material business relationship (including any Person which purchases from or sells, licenses or furnishes to a Maple Leaf Group Company or the Maple Leaf Business any goods, Intellectual Property or other property rights or services), or in any material Contract that is necessary for the operation of the Maple Leaf Business to which any of the Maple Leaf Group Companies is a party or, to the Knowledge of Maple Leaf, by which it may be bound or affected, and no Maple Leaf Related Party directly or indirectly competes with, or, to the Knowledge of Maple Leaf, has any material interest in any Person that directly or indirectly competes with, any Maple Leaf Group Company or the Maple Leaf Business (other than ownership of less than one percent (1%) of the share capital of publicly traded companies); (c) as of the Agreement Date, no Maple Leaf Related Party has received any payment or other benefit from any of the Maple Leaf Group Companies (except for payments and benefits received in connection with such Person's employment in the Ordinary Course on an arm's length basis); and (d) to the Knowledge of Maple Leaf, no Maple Leaf Related Party has filed or intends to file a cause of action or other claim or Action against

any Maple Leaf Group Company or the Maple Leaf Business; *provided* that, for the purposes of clause (b) above, the definition of “Maple Leaf Related Party” shall be deemed to exclude the respective employees and equityholders of Maple Leaf except to the extent that Maple Leaf has Knowledge that such person has a material interest. The arrangements required to be set forth in Section 6.12 of the Maple Leaf Disclosure Letter shall be collectively referred to herein as the “**Maple Leaf Related Party Transactions**” and each as a “**Maple Leaf Related Party Transaction**”.

6.13 Insurance Matters. Except as would not have a material and adverse effect on the Maple Leaf Business, taken as a whole, all insurance policies and all self-insurance programs and arrangements relating to the Maple Leaf Business of each Maple Leaf Group Company are in full force and effect, no notice of cancellation or modification has been received, and there is no existing default or event which, with the giving of notice or lapse of time or both, would constitute a default, by any insured thereunder. As of the Agreement Date, there is no material claim pending by or on behalf of the Maple Leaf Business under any insurance policy as to which coverage has been questioned, denied or disputed by the underwriters of such policies. None of the Maple Leaf Group Companies has received any written notice of any threatened termination of, material premium increase with respect to, or material alteration of coverage under, any of its respective insurance policies.

6.14 Labor and Employee Matters.

(a) Maple Leaf has made available to United a correct and complete list of all Maple Leaf Business Employees on an anonymized basis, and sets forth for each such individual the following: (i) date of hire; (ii) job title; (iii) principal place of employment and Maple Leaf employer entity; (iv) base salary; (v) target incentive compensation for 2017; (vi) any material fringe benefit that is not provided generally to all employees; (vii) leave status, excluding annual leave (including type of leave, the date the leave began, if applicable, and expected return date, if known); and (viii) immigration and visa status for employees working outside of such individual’s country of citizenship.

(b) Except as disclosed in Section 6.14(b) of the Maple Leaf Disclosure Letter, (i) each of the Maple Leaf Group Companies has complied in all material respects with all Applicable Laws related to labor or employment, including provisions thereof relating to wages, hours, overtime, working conditions, benefits, retirement, social welfare, equal opportunity, collective bargaining, immigration and employee/contractor classification; (ii) there is no pending or to the Knowledge of Maple Leaf, threatened, and there has not been since the formation of each of the Maple Leaf Group Companies, Action relating to the violation or alleged violation of any Applicable Law by any of the Maple Leaf Group Companies related to labor or employment, including any charge or complaint filed by a Maple Leaf Business Employee with any Governmental Authority, other than such Actions that, individually or in the aggregate, would not reasonably be expected to be material to, or to delay, the ability of Maple Leaf or any Maple Leaf Group Company to consummate the Transaction or to perform its respective obligations under any Transaction Agreement to which it is or will be a Party; and (iii) none of the Maple Leaf Group Companies are delinquent in payments to any

Maple Leaf Business Employee for wages, salaries, commissions, bonuses, or other compensations (other than for accrued amounts for the current pay period).

(c) Section 6.14(c) of the Maple Leaf Disclosure Letter contains a true and complete list of each material Employee Benefit Plan (whether written or otherwise) that is sponsored by, maintained, or contributed to by a Maple Leaf Group Company for the benefit of any current or former employee, officer, consultant, director or other service provider of a Maple Leaf Group Company (or such Person's dependents and beneficiaries) or with respect to which a Maple Leaf Group Company has or could reasonably be expected to have any material obligation (collectively, the "**Maple Leaf Benefit Plans**"). For each Maple Leaf Benefit Plan (to the extent applicable) accurate, current and complete copies of the following have been made available to United: (i) all documents setting forth the material terms of such Maple Leaf Benefit Plan, including all amendments; (ii) where the Maple Leaf Benefit Plan has not been reduced to writing, a written summary of all material plan terms; (iii) all material Contracts relating to the maintenance or administration of the Maple Leaf Benefit Plan, including any trust agreements or other funding arrangements; and (iv) all material correspondence, if any, to or from any Governmental Authority or any participant. The Maple Leaf Group Companies do not have any express or implied commitment (A) to create, incur Liability with respect to or cause to exist any new Maple Leaf Benefit Plan, (B) to enter into any Contract to provide compensation or benefits to any individual or (C) to modify, change or terminate any Maple Leaf Benefit Plan, other than with respect to a modification, change or termination required by Applicable Laws.

(d) (i) Each of the Maple Leaf Benefit Plans is and has at all times been operated in compliance with its terms, and in compliance with all Applicable Laws in all material respects; (ii) all contributions to, and payments for each such Maple Leaf Benefit Plan have been timely made, the Maple Leaf Group Financial Statements reflects all Liabilities for unpaid contributions or payments of the Maple Leaf Group Companies for periods (or portions of periods) through the date of the Maple Leaf Group Financial Statements, and no event, transaction or condition has occurred or exists that would result in any Liability to JV Newco or any of the Maple Leaf Group Companies under such Maple Leaf Benefit Plan as of Completion for which amounts have not been fully funded or fully offset by insurance; (iii) there are no pending or, to the Knowledge of Maple Leaf, threatened Actions involving any Maple Leaf Benefit Plan (except for routine claims for benefits payable in the normal operation of any Maple Leaf Benefit Plan); (iv) each of the Maple Leaf Group Companies maintains, and has fully funded, each Maple Leaf Benefit Plan and any other labor-related plans that it is required by Applicable Law or by Contract to maintain and fund; (v) each Maple Leaf Benefit Plan required under Applicable Law to be registered with a Governmental Authority has been registered and has been maintained in good standing and, if intended to qualify for special Tax treatment, meets all requirements for such treatment; and (vi) each of the Maple Leaf Group Companies is in compliance with all Applicable Laws and Contracts relating to its provision of any form of social insurance, and has paid, or made provision for the payment of, all social insurance contributions required under Applicable Laws and Contracts.

(e) Except as disclosed in Section 6.14(e) of the Maple Leaf Disclosure Letter, none of the Maple Leaf Benefit Plans is subject to ERISA. Neither Maple Leaf nor any of its Subsidiaries has any director, officer, contractor or employee who is employed by or providing services to the Maple Leaf Business or any of the Maple Leaf Group Companies, that provides such services in the United States.

(f) Except as disclosed in Section 6.14(f) of the Maple Leaf Disclosure Letter: (i) each Maple Leaf Benefit Plan can be amended, terminated or otherwise discontinued after Completion in accordance with its terms, without material Liability to JV Newco or the Maple Leaf Group Companies (other than ordinary notice and administration requirements and expenses); (ii) no Maple Leaf Benefit Plan provides for notice periods or for payment of separation, severance, redundancy, termination or similar-type benefits to any Person other than or in excess of those required by Applicable Law; and (iii) no Maple Leaf Benefit Plan provides for or promises retiree medical benefits or defined retirement benefits (by reference to earnings or otherwise) to any current or former employee, officer, consultant, director or other service provider of the Maple Leaf Group Companies or any dependent or beneficiary thereof.

(g) Except as set forth in any Transaction Agreement, neither the execution of any of the Transaction Agreements to which Maple Leaf is a party nor the consummation of the transactions contemplated thereby will constitute an event under any Maple Leaf Benefit Plan that will or may (i) result in any payment becoming due to any current or former director, officer or employee of any of the Maple Leaf Group Companies under any of the Maple Leaf Benefit Plans; (ii) increase any benefits otherwise payable under any of the Maple Leaf Benefit Plans; or (iii) result in any acceleration of the time of payment or vesting of any such benefits.

(h) There has not been, and there is not now pending or, to the Knowledge of Maple Leaf, threatened, any strike, union organization activity, lockout, slowdown, picketing, or work stoppage or any unfair labor practice charge against any of the Maple Leaf Group Companies. None of the Maple Leaf Group Companies is bound by or subject to (and none of their respective assets or properties is bound by or subject to) any written or oral Contract, commitment or arrangement with any labor union or any collective bargaining agreements.

(i) Each Maple Leaf Business Employee is currently devoting substantially all of his or her business time to the conduct of the Maple Leaf Business. To the Knowledge of Maple Leaf, no Maple Leaf Business Employee (i) is subject to any covenant restricting him/her from working for any of the Maple Leaf Group Companies or currently working for any other Person that competes with any of the Maple Leaf Group Companies; or (ii) is obligated under, or in violation of any term of, any Contract or any Order relating to the right of any such individual to be employed by, or to contract with, any of the Maple Leaf Group Companies. None of the Maple Leaf Group Companies has received any written notice alleging that any such violation has occurred. No Maple Leaf Business Employee has given to any Maple Leaf Group Company any notice of an intent to terminate his or her employment with the applicable Maple Leaf

Group Company, nor does any Maple Leaf Group Company have a present intention to terminate the employment of any such individual.

6.15 Litigation. Except as disclosed in Section 6.15 of the Maple Leaf Disclosure Letter, there is not currently, nor has there ever been, (a) any Action pending or, to the Knowledge of Maple Leaf, threatened in writing against or affecting any Maple Leaf Group Company, the Maple Leaf Business or against any of the Maple Leaf Business Employees, (b) any judgment or award unsatisfied against the Maple Leaf Business or any of the Maple Leaf Group Companies, or any Order in effect and binding on any of the Maple Leaf Group Companies or their respective assets or properties, or the Maple Leaf Business (c) any Action pending by (i) any of the Maple Leaf Group Companies against any third party (nor does any of the Maple Leaf Group Companies intend to commence any such Action) or (ii) Maple Leaf or any of its Affiliates against any third party relating to the Maple Leaf Business (nor does Maple Leaf or any of its Affiliates intend to commence any such Action), and (d) to the Knowledge of Maple Leaf, any writing from any Governmental Authority that has challenged or questioned the legal right of (i) any of the Maple Leaf Group Companies to conduct its business, or (ii) Maple Leaf or any of its Affiliates to conduct the Maple Leaf Business, in each case, as presently being conducted.

6.16 Intellectual Property.

(a) IP Ownership. Section 6.16(a) of the Maple Leaf Disclosure Letter sets forth a complete and accurate list of all material Maple Leaf Owned IP. There is no Maple Leaf Registered IP. Except as disclosed in Section 6.16(a) of the Maple Leaf Disclosure Letter, each of the Maple Leaf Group Companies has good and valid title to, and is the sole and exclusive owner of, all of the Maple Leaf Owned IP. None of the Maple Leaf Group Companies, Maple Leaf, Maple Leaf LLC, nor any of their respective employees, officers or directors has taken any actions or failed to take any actions that would cause any Maple Leaf Owned IP to be invalid, unenforceable or not subsisting. No funding or facilities of a Governmental Authority or a university, college, other educational institution or research center was used in the development of any Maple Leaf Owned IP. No Maple Leaf Owned IP is subject to (i) any Encumbrance, or (ii) any Contract granting rights therein to any Person, other than non-exclusive licenses granted in the Ordinary Course. Except as disclosed in Section 6.16(a) of the Maple Leaf Disclosure Letter, no Maple Leaf Owned IP is subject to any proceeding or outstanding Order or settlement agreement or stipulation that (i) restricts in any manner the use, transfer or licensing thereof, or the making, using, sale, or offering for sale of the Maple Leaf Group Companies' products or services, by any of the Maple Leaf Group Companies, or (ii) may affect the validity, use or enforceability thereof except as disclosed in Section 6.16(a) of the Maple Leaf Disclosure Letter. Each director, officer or employee of Maple Leaf, Maple Leaf LLC and the Maple Leaf Group Companies has assigned and transferred to their respective employers any and all of his/her Intellectual Property Related to the Business, except as disclosed in Section 6.16(a) of the Maple Leaf Disclosure Letter. None of the Maple Leaf Group Companies, Maple Leaf or Maple Leaf LLC has transferred, assigned or exclusively licensed any material Maple Leaf

Owned IP to any Person, except as disclosed in Section 6.16(a) of the Maple Leaf Disclosure Letter.

(b) Infringement, Misappropriation and Claims. Neither any of the Maple Leaf Group Companies nor the conduct of the Maple Leaf Business has: (i) violated, infringed or misappropriated (and the prospective operation of the Maple Leaf Business (as currently proposed) from and after Completion will not so violate, infringe or misappropriate) any non-Patent Intellectual Property, or to the Knowledge of Maple Leaf, any Patent Intellectual Property of any Person or (ii) contributed to or induced any violation, infringement or misappropriation of any non-Patent Intellectual Property, or to the Knowledge of Maple Leaf, any Patent Intellectual Property of any Person. None of the Maple Leaf Group Companies, Maple Leaf or Maple Leaf LLC has received any written (or, to the Knowledge of Maple Leaf, unwritten) notice alleging any of the foregoing or otherwise inviting any of the them to take a license under any Intellectual Property or consider the applicability of any Intellectual Property to the conduct of the Maple Leaf Business. To the Knowledge of Maple Leaf and Maple Leaf LLC, no Person has violated, infringed or misappropriated any Maple Leaf Owned IP, and none of the Maple Leaf Group Companies has given any written notice to any other Person alleging any of the foregoing. No Person has challenged or sought to challenge in writing the ownership of any Maple Leaf Owned IP or the use of any Maple Leaf Owned IP by any of the Maple Leaf Group Companies.

(c) Assignments and Prior IP. All material inventions and know-how conceived by employees of any of the Maple Leaf Group Companies, or of Maple Leaf or Maple Leaf LLC Related to the Business are currently owned exclusively by a Maple Leaf Group Company. All employees, contractors, agents and consultants of Maple Leaf.Taxi Holdco and its Subsidiaries Maple Leaf or Maple Leaf LLC who are or were involved in the creation of any Intellectual Property Related to the Business have executed an assignment of inventions agreement that vests in (as applicable) Maple Leaf or Maple Leaf LLC or Maple Leaf.Taxi Holdco or its applicable Subsidiary exclusive ownership of all right, title and interest in and to such Intellectual Property, to the extent not already provided by Applicable Law. To the Knowledge of Maple Leaf, none of the employees, consultants or independent contractors, currently or previously employed or otherwise engaged by Maple Leaf or Maple Leaf LLC or Maple Leaf.Taxi Holdco or any of its Subsidiaries in the creation of any Intellectual Property Related to the Business (i) is in violation of any current or prior confidentiality, non-competition or non-solicitation obligations to any of them or to any other Persons, including former employers, or (ii) is obligated under any Contract, or subject to any Order, that would interfere with the use of his or her best efforts to promote the interests of Maple Leaf.Taxi Holdco or its applicable Subsidiary or that would conflict with the business of Maple Leaf.Taxi Holdco or its applicable Subsidiary as presently conducted. To the extent that any Maple Leaf Owned IP has been developed or created independently or jointly by an independent contractor or other third party for any of the Maple Leaf Group Companies, or is incorporated into any products or services of any of the Maple Leaf Group Companies, the applicable Maple Leaf Group Company has a written agreement with such independent contractor or third party and has thereby obtained ownership of, and is the

exclusive owner of all such independent contractor's or third party's Intellectual Property in such work, material or invention by operation of law or valid assignment.

(d) IP Contracts. Section 6.16(d) of the Maple Leaf Disclosure Letter sets forth a complete and accurate list of, and Maple Leaf has provided to United true, complete and accurate copies of, all Contracts (i) to which Maple Leaf or any of the Maple Leaf Group Companies is a party, and (ii) pursuant to which any of the Maple Leaf Group Companies is authorized to use, exercise, or receive any benefit from any Intellectual Property of another Person (including of Maple Leaf) that is material to the operation of the Business, or (iii) that are exclusively used in the Business.

(e) Protection of IP. Each of Maple Leaf, Maple Leaf LLC and the Maple Leaf Group Companies has taken reasonable and appropriate steps to protect, maintain and safeguard the Maple Leaf Owned IP, including without limitation taking reasonable and appropriate steps to protect all Trade Secrets from disclosure and to enforce unregistered Trademarks forming part of the Maple Leaf Owned IP.

(f) IP Sufficiency. As used herein, "Provided IP" means the Intellectual Property that will be licensed or otherwise provided to Maple Leaf Tax Holdco and United Holdco under the Software License Amendment Agreement. The Maple Leaf Owned IP, the Provided IP and the Intellectual Property used pursuant to Contracts listed at Section 6.16(d) of the Maple Leaf Disclosure Letter together constitute all the Intellectual Property necessary and sufficient for the conduct of the Maple Leaf Business as of immediately following Completion and for the continued operation of the Maple Leaf Business following Completion (as currently proposed); provided, that the foregoing shall not be deemed to expand the warranties set forth in Section 6.16(b), and in no event will anything in this Section 6.16(f) be deemed to be a non-infringement warranty. The consummation of the transactions contemplated by the Transaction Agreements will not result in the loss or impairment of any right of any of the Maple Leaf Group Companies to own, use, practice or otherwise exploit any Maple Leaf Owned IP nor any other Intellectual Property or Technology used, held for use or practiced by any of the Maple Leaf Group Companies related to the Business. Without limiting the scope of the foregoing warranties, the Provided IP provides in all material respects all of the rights previously granted under the Contracts of the type described under clause (f) of the definition of "Maple Leaf Material Contracts" and disclosed in Section 6.8 of the Maple Leaf Disclosure Letter; and there are no Patents or Trademarks owned by Maple Leaf or Maple Leaf LLC necessary for useful in the conduct of the Maple Leaf Business that are not expressly licensed as part of the Provided IP. No Provided IP is subject to any proceeding or outstanding Order or settlement agreement or stipulation that restricts in any manner the use thereof as used in the Maple Leaf Business as currently conducted and as currently proposed to be conducted. None of the Maple Leaf Group Companies, Maple Leaf or Maple Leaf LLC has received any written notice alleging that the Provided IP in the manner used in the Business infringes or misappropriates any Intellectual Property of any Person, or otherwise inviting any of them to take a license under any Intellectual Property or consider the applicability of any Intellectual Property to the use of the Provided IP in the conduct of the Maple Leaf Business.

(g) Data Privacy and Data Security. Each of Maple Leaf Group Companies has established, with respect to and for the Maple Leaf Business, privacy policies that are in conformance in all material respects with reputable industry practice and all Applicable Law, including Personal Data Laws. At all times when conducting the Maple Leaf Business, each of Maple Leaf.Taxi B.V. and Maple Leaf.Taxi LLC has provided, with respect to and for the Maple Leaf Business, accurate notice of its privacy practices on all of its websites (and through mobile applications and other client-side and web interface products); these notices have not contained any material omissions and have not been misleading, deceptive or in violation of Applicable Law, including Personal Data Laws. Each of Maple Leaf Group Companies has complied in all material respects with and is in material compliance with (i) Applicable Law, including Personal Data Laws, (ii) all requirements of self-regulatory organizations, (iii) its internal and external privacy policies, and (iv) any contractual obligations and consumer-facing statements made by or on behalf of Maple Leaf.Taxi B.V. or Maple Leaf.Taxi LLC (including any such statements on its Web site, through mobile applications and other client-side and web interface products, and in any marketing or promotional materials) relating to its use, collection, retention, storage, disclosure, transfer, disposal, and other processing of any PII; and the execution, delivery and performance of this Agreement will not result in a material breach or violation of any of the foregoing. None of Maple Leaf, any of its Affiliates or any Maple Leaf Group Companies has received, and to the knowledge of Maple Leaf, there has been no, complaint to any Governmental Authority, or any Action against, any Maple Leaf Group Company by any private party or any Governmental Authority, regarding the collection, use, retention, storage, security, transfer, disposal, disclosure or other processing of PII by any Maple Leaf Group Company for the Maple Leaf Business. Each of Maple Leaf Group Companies has implemented and maintains reasonable and appropriate disaster recovery and security plans, procedures and facilities and has taken other reasonable steps consistent with industry practices of companies offering similar services to safeguard the confidential information, PII, and information technology systems utilized in the operation of the Maple Leaf Business (“**Maple Leaf IT Systems**”), from unauthorized or illegal access and use. There has been no material breach of security or unauthorized access by third parties to (A) the Maple Leaf IT Systems, (B) the confidential information, or (C) any PII collected, held, or otherwise managed by or on behalf of any Maple Leaf Group Company with respect to the Maple Leaf Business. Without limiting the foregoing, all rider and driver data collected in the operation of the Maple Leaf Business (“**Maple Leaf Data**”) was collected by and is solely owned by a Maple Leaf Group Company, which has good and valid title thereto, and is the sole and exclusive owner thereof. No Maple Leaf Data is subject to any proceeding or outstanding Order or settlement agreement or stipulation that restricts in any manner the use or licensing thereof, or the making, using, sale, or offering for sale of the products or services in the Maple Leaf Business. None of the Maple Leaf Group Companies has transferred, assigned or exclusively licensed any Maple Leaf Data to any Person.

6.17 No Brokers. Other than as set forth on Section 6.17 of the Maple Leaf Disclosure Letter, no broker, finder or investment banker is entitled to any brokerage, finder's or



other fee or commission or expense reimbursement in connection with the execution of any Transaction Agreement or the consummation of the Transaction based upon arrangements made by or on behalf of Maple Leaf or any of its Affiliates.

6.18 No Additional Warranties. Except for the warranties and undertakings made by Maple Leaf as expressly set forth in Article 5 and this Article 6 or as expressly made by Maple Leaf or any of its Affiliates in any other Transaction Agreement, neither Maple Leaf nor any of its Representatives or Affiliates, or any other Person acting on their behalf, makes any other express or implied, statutory or otherwise, representation, warranty or undertaking of any kind or nature in connection with the Transaction. Neither Maple Leaf nor any of its Representatives or Affiliates, or any other Person acting on their behalf, makes any express or implied, statutory or otherwise, representation, warranty or undertaking with respect to any projections, estimates or budgets provided to Maple Leaf or its Representatives or Affiliates (howsoever and whensoever provided) of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of Maple Leaf and any of its Affiliates (including the Maple Leaf Group Companies) or the future business and operations of Maple Leaf and its Affiliates (including the Maple Leaf Group Companies). None of United or its Representatives or Affiliates has relied on and is not relying on any representations or warranties regarding Maple Leaf, its Affiliates (including the Maple Leaf Group Companies) or their respective businesses (including the Maple Leaf Business), including such representations or warranties made by or on behalf of any Maple Leaf Shareholder before the signature of this Agreement, including during the course of negotiating this Agreement, other than those warranties expressly set forth in Article 5, this Article 6 or as expressly made by Maple Leaf or any of its Affiliates in any Transaction Agreement; and United, for itself and its Representatives and Affiliates irrevocably and unconditionally waives any right it or they may have to claim damages for any misrepresentation in relation to the subject matter of this Agreement or any other Transaction Agreements unless such misrepresentation was made fraudulently. Notwithstanding this Section 6.18, this Section 6.18 shall not apply to any claim for fraud, willful misconduct or willful concealment.

6.19 Waiver. Maple Leaf (i) waives any right or claim it may have following Completion against any Maple Leaf Group Company, or its or their respective officers, employees, agents or professional advisers in respect of any misrepresentation, error or omission in connection with any information supplied or statement made by them in connection with this Agreement (other than in the case of fraud, willful misconduct or willful concealment); (ii) irrevocably and unconditionally releases any such Entity or Person from any liability arising from any such misrepresentation, error or omission; and (iii) acknowledges and agrees that any such right or claim shall not constitute a defense to any claim by United or JV Newco under or in relation to this Agreement.

6.20 Separate and Independent Warranties. Each of the warranties in Article 5 and this Article 6 shall be construed as a separate and independent warranty and except where this Agreement expressly provides otherwise, is not limited by the other provisions of this Agreement, including the other warranties.

ARTICLE 7  
CERTAIN COVENANTS OF THE PARTIES

7.1 Pre-Completion Restructuring.

(a) United Pre-Completion Restructuring (b) . At or prior to Completion, United shall complete the United Pre-Completion Restructuring; *provided* , that not less than \*\* prior to completing the United Pre-Completion Restructuring, United shall provide Maple Leaf with written notice of the proposed structure, including which United Group Company(ies) will hold which Acquired Territory Assets (excluding the EATS Assets) and copies of the written documentation United intends to execute or cause to be executed in order to effect the United Pre-Completion Restructuring, and shall provide Maple Leaf with reasonable opportunity to review and comment on such structure prior to completing the United Pre-Completion Restructuring; *provided* that United may redact or withhold from such copies any information that United in good faith determines to be competitively sensitive or proprietary in nature. (c) (d)

(b) Maple Leaf Pre-Completion Restructuring . At or prior to Completion, Maple Leaf shall complete the Maple Leaf Pre-Completion Restructuring; *provided*, that not less than \*\* prior to completing the Maple Leaf Pre-Completion Restructuring, Maple Leaf shall provide United with written notice of the proposed structure, including which Maple Leaf Group Company(ies) will hold shares in Maple Leaf.Taxi Technology LLC and Maple Leaf.Taxi Kazakhstan LLP and copies of the written documentation Maple Leaf intends to execute in order to effect the Maple Leaf Pre-Completion Restructuring, and shall provide United with reasonable opportunity to review and comment on such structure prior to completing the Maple Leaf Pre-Completion Restructuring; *provided* that Maple Leaf may redact or withhold from such copies any information that Maple Leaf in good faith determines to be competitively sensitive or proprietary in nature.

7.2 Access . Subject to compliance with the terms of the Mutual NDA and subject to Applicable Law regarding confidentiality of employee information, during the period from the Agreement Date and continuing until the earliest to occur of (a) the Completion Date and (b) the termination of this Agreement pursuant to Section 10.1 (the "**Pre-Completion Period**"), United and Maple Leaf each will, after receiving reasonable advance notice from the other Party, give such other Party and its Representatives reasonable access (during normal business hours) to the United Business Books and Records and to the United Business Employees, in the case of United, and to the Maple Leaf Business Books and Records and the Maple Leaf Business Employees, in the case of Maple Leaf, and will provide such other Party with such information regarding the United Business and the Acquired Territory Assets, in the case of United, or the Maple Leaf Business, in the case of Maple Leaf, as such other Party may reasonably request; *provided, however* , that such access shall not unduly interfere with the normal business and operations of Maple Leaf or United, as applicable, nor shall Maple Leaf or United have access to any information that (i) based on advice of the other Party's counsel, would or would reasonably be expected to create any potential Liability under Applicable Law, including Antitrust Laws, or would jeopardize any legal privilege or (ii) in the reasonable judgment of Maple Leaf or United, as the case may be, would (A) result in the disclosure of any Trade Secrets of third parties or (B)

violate any obligation of Maple Leaf or United, as the case may be, with respect to confidentiality.

7.3 Conduct of the Maple Leaf Business Pending the Completion Date.

(a) During the Pre-Completion Period, other than as expressly required by the terms of the Transaction Agreements, Maple Leaf shall cause each of the Maple Leaf Group Companies to operate the Maple Leaf Business in the Ordinary Course (including with respect to rider and driver incentives and discounts), to pay its debts and Taxes when due (other than debts and Taxes that are being properly contested), and use reasonable endeavors to (i) pay or perform all other obligations when due, (ii) preserve intact the present business organizations of the Maple Leaf Group Companies, (iii) keep available the services of the Maple Leaf Business Employees and (iv) preserve the beneficial relationships of the Maple Leaf Group Companies with suppliers, distributors, riders and drivers, fleet park partners and managers, licensors, licensees and others having business dealings with them, all with the goal of preserving unimpaired the goodwill and ongoing business of the Maple Leaf Business.

(b) During the Pre-Completion Period, except as (x) expressly required by the terms of the Transaction Agreements, (y) United has otherwise consented to in writing (which consent shall not be unreasonably withheld, conditioned or delayed) or (z) set forth in Section 7.3(b) of the Maple Leaf Disclosure Letter, (1) Maple Leaf shall cause each of the Maple Leaf Group Companies not to and (2) with respect to clauses (viii), (x), (xi), (xiii), (xiv), (xvi) or (xvii) below, and solely to extent relating to the Maple Leaf Business, Maple Leaf shall not and shall cause its Affiliates not to, in each case:

- (i) amend or otherwise make changes to its Organizational Documents;
- (ii) declare, set aside, redeem, repurchase, make or pay any dividend or other distribution, payable in cash, shares, property or otherwise, with respect to any of its share capital, except for dividends by any direct or indirect wholly owned Subsidiary of any Maple Leaf Group Company to a Maple Leaf Group Company;
- (iii) repurchase, redeem or otherwise acquire, directly or indirectly, any of the share capital of any Maple Leaf Group Company;
- (iv) reclassify, combine, split or subdivide, directly or indirectly, or create or authorize creation of any additional class or series of, any of its share capital;
- (v) make any material change in financial accounting methods, principles or practices, except insofar as may have been required by a change in U.S. GAAP (after the Agreement Date);

(vi) enter into, amend in any material respect, waive or terminate any Maple Leaf Related Party Transaction other than (A) terminations of such Contracts in accordance with Section 7.15(b) or (B) the entry into any such Maple Leaf Related Party Transaction (or a series of related Maple Leaf Related Party Transactions) that entitles the counterparty thereto solely with the right to receive payments from (or the obligation to make payments to) the Maple Leaf Group Companies with total value not exceeding \*\* per each such Maple Leaf Related Party Transaction (or a series of related Maple Leaf Related Party Transactions) (each, an "Immaterial Maple Leaf Related Party Transaction"); *provided*, however, that the total value of all such Immaterial Maple Leaf Related Party Transactions shall in no event exceed \*\* in the aggregate;

(vii) issue, sell, dispose of or grant, or authorize the issuance, sale, disposition or grant of, any Equity Securities of any Maple Leaf Group Company or any Subsidiary thereof;

(viii) (A) incur any indebtedness for borrowed money, (B) issue any debt securities, (C) assume, guarantee or endorse, or otherwise become responsible for, the obligations of any Person, or (D) make any loans or advances, or grant any security interest in any of its assets;

(ix) with respect to any Maple Leaf Business Employee or any director, officer, employee, consultant or contractor of any Maple Leaf Group Company, (A) increase the compensation or benefits of such Person other than in the Ordinary Course, (B) except as set forth on Section 7.3(b)(ix) of the Maple Leaf Disclosure Letter, grant any cash bonus, incentive, performance or other incentive compensation other than in the Ordinary Course, (C) accelerate the vesting or payment of, or funding or in any other way securing the payment of, compensation or benefits under any Employee Benefit Plan (other than as specifically required by the express provisions of an Employee Benefit Plan in effect on the Agreement Date), (D) grant any severance or termination pay other than in the Ordinary Course, (E) establish, adopt, enter into, amend, or terminate any Employee Benefit Plan, or (F) take any action with respect to salary, compensation, benefits or other terms and conditions of employment that would result in the holder of a change in control or similar agreement having "good reason" to terminate employment and collect severance payments and benefits pursuant to such agreement;

(x) sell, lease, transfer, or dispose of any material property or assets, or any portion thereof or interest therein, in any single transaction or series of related transactions, except for (A) transactions pursuant to Contracts in effect as of the Agreement Date and made available to United, (B) transactions that individually or in the aggregate do not exceed \*\* or (C) dispositions of obsolete, surplus or worn out assets that are no longer useful in the conduct of the Maple Leaf Business;

- (xi) propose or adopt a plan of complete or partial liquidation or dissolution, consolidation, restructuring, recapitalization or other reorganization;
- (xii) form a Subsidiary (other than a wholly-owned Subsidiary);
- (xiii) expand the operations of the Maple Leaf Business into (A) any new material line of business, unless Maple Leaf provides United written notice at least \*\* prior to such expansion or (B) into any jurisdiction outside of the Territories (each a “ **New Territory** ”), unless (i) Maple Leaf provides United written notice at least \*\* prior to such expansion into any New Territory if United is not operating in the New Territory as of the date of such notice, and at least \*\* prior to such expansion into any New Territory if United is operating in the New Territory as of the date of such notice, and (ii) the parties have both satisfied themselves (acting reasonably) that such expansion into a New Territory is and would be in compliance with applicable Antitrust Laws and other similar laws;
- (xiv) make any acquisition of, or investment in, a business, by purchase of stock, securities or assets, merger or consolidation, or contributions to capital, or loans or advances, in any such case (A) with a value or purchase price in excess of \*\*, individually or in the aggregate when taken with all other such Ordinary Course acquisitions or investments, or (B) that is or would have any reasonable possibility of preventing or delaying the Completion beyond the Outside Date or could reasonably increase the likelihood of a failure to satisfy the conditions set forth in Sections 9.1(a), 9.1(b) or 9.1(c);
- (xv) make or change any material election in respect of Taxes, adopt or change any accounting method in respect of Taxes (except as required by Applicable Law), enter into any closing agreement with respect to Taxes, settle any claim or assessment in respect of Taxes, file any amended Tax Return, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes, fail to pay any Tax that becomes due and payable (including estimated Tax payments), incur any liability for Taxes outside the Ordinary Course, or prepare or file any Tax Return in a manner inconsistent with past practice, or take or omit to take any other action that had or would reasonably be expected to have the effect of materially increasing the present or future Tax liability or materially decreasing any present or future Tax benefit of any Maple Leaf Group Company;
- (xvi) appoint or hire any Person to serve as the Chief Financial Officer, Chief Marketing Officer, Chief Operating Officer or Chief Technology Officer of the Maple Leaf Business, and any other officers of the Maple Leaf Business that report directly to the Chief Executive Officer (or, in each case, any Person that has the authority and duties that are normally associated with such office, such Persons, “ **Senior Executives** ”), unless Maple Leaf has (A) provided United with at least \*\* notice of the names and details (including resume and times and dates of any interview) of any Persons being considered, pursued or

interviewed for any such position, (B) allowed United to be represented in at least one interview with any Persons being considered, pursued or interviewed for any such position, and (C) reasonably considered United's recommendations to Maple Leaf as to the suitability of any Persons being considered, pursued or interviewed for any such position; and *provided further*, that any such Person appointed to any Senior Executive position (x) must have the appropriate skills, qualifications and experience required of a Senior Executive with regard to the nature of the Business and size of JV Newco following Completion; and (y) must not be related to any member of an existing Senior Executive of Maple Leaf (or its Affiliates);

(xvii) terminate any Senior Executive, unless Maple Leaf has (A) provided United with notice, within a reasonable period, of Maple Leaf's intention or decision to terminate any such Person, and (B) reasonably considered United's recommendations to Maple Leaf as to the proposed termination of any such Person;

(xviii) (A) transfer, or propose to transfer (directly or indirectly) any Maple Leaf Business Employee to an Affiliate of Maple Leaf that is not a Maple Leaf Group Company, or (B) solicit, induce, encourage or attempt to solicit, induce or encourage (directly or indirectly) any Maple Leaf Business Employee to terminate his or her employment or engagement with a Maple Leaf Group Company in order to become an employee, consultant, or other service provider to or for any other Person; *provided, however* that Maple Leaf may solicit and transfer up to \*\* Maple Leaf Business Employees (other than any Key Maple Leaf Employees) to an Affiliate of Maple Leaf that is not a Maple Leaf Group Company; or

(xix) announce an intention, enter into formal or informal agreement or otherwise make a commitment to do any of the foregoing.

(c) The Parties acknowledge and agree that nothing contained in this Agreement is intended to or shall give United, directly or indirectly, the right to control or direct Maple Leaf's operations for purposes of any applicable Antitrust Law prior to consummation of the Transaction.

7.4 Conduct of the United Business Pending the Completion Date.

(a) During the Pre-Completion Period, other than as expressly required by the terms of the Transaction Agreements, United shall cause each of the United Group Companies to operate the United Business in the Ordinary Course (including with respect to rider and driver incentives and discounts), to pay its debts and Taxes when due (other than debts and Taxes that are being properly contested), and use reasonable endeavors to (i) pay or perform all other obligations when due, (ii) preserve intact the present business organizations of the United Group Companies, (iii) keep available the services of the United Business Employees and (iv) preserve the beneficial relationships of the United Group Companies with suppliers, distributors, riders and

drivers, fleet park partners and managers, licensors, licensees and others having business dealings with them, all with the goal of preserving unimpaired the goodwill and ongoing business of the United Business. During the Pre-Completion Period, neither United B.V. nor any United Group Company will directly license the United Data to any third party that is a direct competitor of the United Business or the Maple Leaf Business.

(b) During the Pre-Completion Period, except as (x) expressly required by the terms of the Transaction Agreements, (y) Maple Leaf shall otherwise consent in writing (which consent shall not be unreasonably withheld, conditioned or delayed) or (z) set forth in Section 7.4(h) of the United Disclosure Letter, (1) United shall cause each of the United Group Companies not to and (2) with respect to clauses (viii), (x), (xi), (xiii), (xiv), or (xvi) below, and solely to the extent relating to the United Business, United shall not and shall cause its Affiliates not to, in each case:

- (i) amend or otherwise make changes to its Organizational Documents;
- (ii) declare, set aside, redeem, repurchase, make or pay any dividend or other distribution, payable in cash, shares, property or otherwise, with respect to any of its share capital, except for dividends by any direct or indirect wholly owned Subsidiary of any United Group Company to a United Group Company;
- (iii) repurchase, redeem or otherwise acquire, directly or indirectly, any of the shares of capital of any United Group Company;
- (iv) reclassify, combine, split or subdivide, directly or indirectly, or create or authorize creation of any additional class or series of, any of its share capital;
- (v) make any material change in financial accounting methods, principles or practices, except insofar as may have been required by a change in U.S. GAAP (after the Agreement Date);
- (vi) enter into, amend in any material respect, waive or terminate any United Related Party Transaction other than (A) terminations of such Contracts in accordance with Section 7.15(a) or (B) the entry into any such United Related Party Transaction (or a series of related United Related Party Transactions) that entitles the counterparty thereto solely with the right to receive payments from (or the obligation to make payments to) the United Group Companies with total value not exceeding \*\* per each such United Related Party Transaction (or a series of related United Related Party Transactions) (each, an “**Immaterial United Related Party Transaction**”); *provided*, however, that the total value of all such Immaterial United Related Party Transactions shall in no event exceed \*\* in the aggregate;

- (vii) issue, sell, dispose of or grant, or authorize the issuance, sale, disposition or grant of, any Equity Securities of any United Group Company or any Subsidiary thereof;
- (viii) (A) incur any indebtedness for borrowed money, (B) issue any debt securities, (C) assume, guarantee or endorse, or otherwise become responsible for, the obligations of any Person, or (D) make any loans or advances, or grant any security interest in any of its assets;
- (ix) with respect to any United Business Employee or any director, officer, employee, consultant or contractor of any United Group Company, (A) increase the compensation or benefits of such Person other than in the Ordinary Course (B) except as set forth on Section 7.4(b)(ix) of the United Disclosure Letter, grant any cash bonus, incentive, performance or other incentive compensation other than in the Ordinary Course, (C) accelerate the vesting or payment of, or funding or in any other way securing the payment of, compensation or benefits under any Employee Benefit Plan (other than as specifically required by the express provisions of an Employee Benefit Plan in effect on the Agreement Date); (D) grant any severance or termination pay other than in the Ordinary Course; (E) establish, adopt, enter into, amend, or terminate any Employee Benefit Plan; or (F) take any action with respect to salary, compensation, benefits or other terms and conditions of employment that would result in the holder of a change in control or similar agreement having "good reason" to terminate employment and collect severance payments and benefits pursuant to such agreement;
- (x) sell, lease, transfer, or dispose of any material property or assets, or any portion thereof or interest therein, in any single transaction or series of related transactions, except for (A) transactions pursuant to Contracts in effect as of the Agreement Date and made available to Maple Leaf, (B) transactions that individually or in the aggregate do not exceed \*\* or (C) dispositions of obsolete, surplus or worn out assets that are no longer useful in the conduct of the United Business;
- (xi) other than the United Pre-Completion Restructuring, propose or adopt a plan of complete or partial liquidation or dissolution, consolidation, restructuring, recapitalization or other reorganization;
- (xii) form a Subsidiary (other than a wholly-owned Subsidiary);
- (xiii) expand the operations of the United Business into any new material line of business within the Territories unless United provides Maple Leaf written notice at least \*\* prior to such expansion;
- (xiv) make any acquisition of, or investment in, a business, by purchase of stock, securities or assets, merger or consolidation, or contributions to



capital, or loans or advances, in any such case (A) with a value or purchase price in excess of \*\*, individually or in the aggregate when taken with all other such Ordinary Course acquisitions or investments, or, (B) that is or would have any reasonable possibility of preventing or delaying the Completion beyond the Outside Date or could reasonably increase the likelihood of a failure to satisfy the conditions set forth in Sections 9.1(a), 9.1(b) or 9.1(c);

(xv) make or change any material election in respect of Taxes, adopt or change any accounting method in respect of Taxes (except as required by Applicable Law), enter into any closing agreement with respect to Taxes, settle any claim or assessment in respect of Taxes, file any amended Tax Return, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes, fail to pay any Tax that becomes due and payable (including estimated Tax payments), incur any liability for Taxes outside the Ordinary Course, or prepare or file any Tax Return in a manner inconsistent with past practice, or take or omit to take any other action that had or would reasonably be expected to have the effect of materially increasing the present or future Tax liability or materially decreasing any present or future Tax benefit of any United Group Company;

(xvi) (A) transfer, or propose to transfer (directly or indirectly) any United Business Employee to an Affiliate of United that is not a United Group Company, or (B) solicit, induce, encourage or attempt to solicit, induce or encourage (directly or indirectly) any United Business Employee to terminate his or her employment or engagement with a United Group Company in order to become an employee, consultant, or other service provider to or for any other Person; *provided, however*, subject to Section 7.16(f) in the case of Key United Employees, that United may solicit and transfer up to \*\* United Business Employees to an Affiliate of United that is not a United Group Company; or

(xvii) announce an intention, enter into formal or informal agreement or otherwise make a commitment to do any of the foregoing.

(c) The Parties acknowledge and agree that nothing contained in this Agreement is intended to or shall give Maple Leaf, directly or indirectly, the right to control or direct United's operations for purposes of any applicable Antitrust Law prior to consummation of the Transaction.

7.5 Notices and Supplemental Disclosure Letters.

(a) United shall notify Maple Leaf in writing, promptly upon obtaining Knowledge thereof, of (i) any material claim, action, proceeding or governmental investigation commenced or threatened involving or affecting the United Business or the Transaction, or (ii) the occurrence of any event or condition or the existence of any fact that may reasonably be expected to cause any of the conditions to the obligations of Maple Leaf to consummate the Transactions set forth in Article 9 not to be satisfied

(including any breaches or inaccuracies of the warranties set forth in Article 4); *provided, however*, that the delivery of any notice pursuant to this section shall not be deemed to (A) modify any warranty contained in this Agreement or (B) limit or otherwise affect the remedies available hereunder to Maple Leaf or the conditions to Maple Leaf's obligation to consummate the Transaction.

(b) Maple Leaf shall notify United in writing, promptly upon obtaining Knowledge thereof, of (i) any material claim, action, proceeding or governmental investigation commenced or threatened involving or affecting the Maple Leaf Business or the Transaction, or (ii) the occurrence of any event or condition or the existence of any fact that may reasonably be expected to cause any of the conditions to the obligations of United to consummate the Transactions set forth in Article 9 not to be satisfied (including any breaches or inaccuracies of the warranties set forth in Article 5 or Article 6); *provided, however*, that the delivery of any notice pursuant to this section shall not be deemed to (A) modify any warranty contained in this Agreement or (B) limit or otherwise affect the remedies available hereunder to United or the conditions to United's obligation to consummate the Transaction.

(c) Prior to the Completion Date, (i) United may serve a United Supplemental Disclosure Letter on Maple Leaf and JV Newco, and (ii) Maple Leaf may serve a Maple Leaf Supplemental Disclosure Letter on United, provided that the United Supplemental Disclosure Letter and the Maple Leaf Supplemental Disclosure Letter, as applicable, shall (A) conform in all material respects to the drafts to be exchanged between the relevant Parties no later than \*\* prior to the Completion Date and (B) shall not be given effect for the purpose of determining whether a condition to consummation of the Transaction in Article 9 has been satisfied.

7.6 No Solicitation.

(a) During the Pre-Completion Period, each of Maple Leaf, on the one hand, and United, on the other hand, shall not (nor shall any of such Party's respective Representatives or Affiliates) directly or indirectly: (i) solicit, seek, initiate, encourage or facilitate the making of any inquiry, expression of interest, proposal or offer that constitutes, or could reasonably be expected to lead to, a Competitive Proposal; (ii) disclose or furnish to any Person any nonpublic information relating to such Party or its Affiliates in connection with or in response to, or enter into, participate in, maintain or continue any discussions or negotiations regarding, any inquiry, expression of interest, proposal or offer that constitutes, or could reasonably be expected to lead to, a Competitive Proposal; or (iii) agree to accept, recommend or endorse (or publicly propose or announce any intention or desire to agree to, accept, recommend or endorse), or execute, enter into or become bound by any agreement, letter of intent, memorandum of understanding or other instrument, arrangement or understanding (whether binding or non-binding, written or oral) in connection with, any Competitive Proposal.

(b) During the Pre-Completion Period, each of Maple Leaf, on the one hand, and United, on the other hand, including each such Party's respective

Representatives and Affiliates, shall immediately cease and cause to be terminated (and will not resume or otherwise continue) any and all existing activities, discussions and negotiations with any Persons (other than with the other Parties hereto or any of their respective Affiliates) conducted heretofore with respect to, or that could reasonably be expected to lead to, any Competitive Proposal.

(c) During the Pre-Completion Period, in the event that Maple Leaf or any of its respective Representatives or Affiliates, on the one hand, or United or any of its respective Representatives or Affiliates, on the other hand, receives a Competitive Proposal, any notice that any Person is considering making a Competitive Proposal, or any request for disclosure as referenced in clause (ii) of Section 7.6(a) hereof, such Party shall (i) not engage in, and immediately suspend, any discussions with such offeror or party with regard to such Competitive Proposal or requests, (ii) promptly thereafter (and in any event not later than \*\* after receipt of such Competitive Proposal or request) notify the other Party thereof, which notice shall contain the identity of the Person(s) making (including, if applicable, the ultimate beneficial owner(s) and controlling shareholder(s) of such person), or considering making, such Competitive Proposal, the pricing, terms, conditions and other material provisions of such Competitive Proposal, any material modifications thereto and such other information related thereto as the other Party may reasonably request, and (iii) provide the other Party with \*\* prior notice (or such lesser prior notice as is provided to the members of the Board of such Party) of any meeting of the Board of such Party, at which the Board of such Party, is reasonably expected to consider such Competitive Proposal.

(d) The Parties hereto agree that irreparable damage would occur in the event that the provisions of this Section 7.6 were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed by each of United and Maple Leaf that the other Party shall be entitled to an immediate injunction or injunctions or other applicable equitable remedies, without the necessity of proving the inadequacy of money damages as a remedy and without the necessity of posting any bond or other security, to prevent breaches of the provisions of this Section 7.6 and to enforce specifically the terms and provisions hereof in any court having jurisdiction, this being in addition to any other remedy to which the other Party may be entitled at law or in equity (including as set forth in Section 10.4 of this Agreement). Without limiting the foregoing, it is understood that any violation of the restrictions set forth above by (i) Maple Leaf or any Representative or Affiliate of Maple Leaf shall be deemed to be a material breach of this Agreement by Maple Leaf or (ii) United or any Representative or Affiliate of United shall be deemed to be a material breach of this Agreement by United.

7.7 Public Announcement. No press release or public announcement related to the Transaction Agreements or any portion of the Transaction shall be issued or made by any Party hereto (or any Representative or Affiliate to a party hereto) without the joint approval of Maple Leaf and United, unless such public announcement is required by Applicable Law (in the reasonable advice of counsel), court order or by obligations pursuant to any listing agreement with or rules of any securities exchange or trading market on which securities of such Party or any of its Affiliates are listed; *provided*, *however*, that in such case where a Party (the

“**Disclosing Party**” is so required to make such a public announcement, the Disclosing Party shall first provide the other Party (the “**Non-Disclosing Party**”) with a copy of the intended communication, and the Non-Disclosing Party shall have a reasonable period of time to review and comment on any such communication and the Disclosing Party shall give due consideration to the comments provided by the Non-Disclosing Party.

7.8 **Confidentiality.** Prior to the Completion Date, the Parties will hold all nonpublic information, including any information provided pursuant to Sections 7.2, 7.5, 7.6 or 7.9 hereof, in strict confidence in accordance with the terms of that certain Mutual Non-Disclosure Agreement, dated as of February 28, 2017 (the “**Mutual NDA**”), entered into between United B.V. and Maple Leaf. From and after the Completion Date, the Mutual NDA shall be deemed to have been terminated and superseded and the Parties will hold any non-public information in accordance with the terms of the Shareholders Agreement and any other applicable Transaction Agreements.

7.9 **Regulatory Approvals and Related Matters.**

(a) Each Party shall use its respective best endeavors to ensure that all notices, reports and other documents required to be filed by such Party or any of its Affiliates, individually or jointly with any other Party, with any Governmental Authority with respect to the Transaction will be made as promptly as practicable after the Agreement Date.

(b) Subject always to United having fully complied with its obligations under Section 7.9(d), Maple Leaf:

(i) shall on behalf of the Parties, have control over all communications and strategy relating to filings, pre-filings, notifications, notices, submissions, or other applications, in connection with the Required Regulatory Approvals; and

(ii) shall use its best endeavors to, as promptly as practicable after the Agreement Date and in any event within \*\* after the Agreement Date (the “**Filing Deadline**,” unless United and Maple Leaf agree that it would be advisable to delay such submission), prepare and submit all filings (or pre-filings where required by the relevant Governmental Authority), notifications, notices, submissions, or other applications required in connection with the Required Regulatory Approvals; provided, solely in respect of Russian Regulatory Approval, the Filing Deadline shall be \*\* after the Agreement Date.

(c) United and Maple Leaf shall each pay one-half of all documented fees payable to Governmental Authorities in connection with the Required Regulatory Approvals.

(d) United and Maple Leaf shall promptly supply the other Party and its Representatives with any documents and information that may be reasonably

requested by the other Party or any of its Representatives in order to effectuate any filings, pre-filings, notifications, notices, submissions, or other applications pursuant to this Section 7.9. Except where prohibited by Applicable Laws, and subject to the Mutual NDA and Joint Defense Agreement dated as of June 8, 2017 (“**JDA**”), each of Maple Leaf and United shall, (i) consult with the other Party prior to making or taking a position with respect to any such filing, pre-filing, notification, notice, submission, or other application, (ii) permit the other Party to review and discuss in advance, and consider in good faith the views of the other Party in connection with, any analyses, appearances, presentations, memoranda, briefs, white papers, arguments, opinions, proposals, filings, applications, notices and submissions before making or submitting any of the foregoing to any Governmental Authority by or on behalf of any Party in connection with any filings, investigations or proceedings in connection with this Agreement or the Transaction, (iii) coordinate with the other Party in preparing and exchanging such information, (iv) promptly provide the other Party with such information, including copies of all filings, presentations or submissions (and a summary of any oral presentations) made by such Party with, and any documents received from, any Governmental Authority in connection with this Agreement or the Transaction or investigation thereof, and (v) except to the extent prohibited by the relevant Governmental Authority or with the prior written consent of the other Party, permit representatives of each Party to participate in meetings and telephone conferences with any Governmental Authority relating to the Transaction; *provided, that*, with respect to any such filing, presentation, submission or other information that contains information that a Party reasonably deems it to be sensitive for its business, such Party may designate relevant portions as “Outside Counsel Only,” in which case review of those designated portions shall be limited to the outside counsel and economic consultants representing the other Party, and such other Party agrees to abide by such arrangement. Notwithstanding anything to the contrary in this Section 7.9(d), materials provided to the other Party, its outside counsel or economic experts may be redacted to remove references concerning valuation of the United Contributions or the Maple Leaf Contributions.

(e) The Parties shall use reasonable endeavors, in connection with any Required Regulatory Approval or under any Applicable Law in connection with the Transaction, to: (i) promptly obtain each Consent required to be obtained, and to make effective the Transaction as soon as practicable, (ii) resolve any objections which may be asserted by any Governmental Authority and (iii) contest and resist any, action, proceeding or order that seeks to or does delay, prevent or prohibit the consummation of the Transaction, as promptly as practicable. If any Governmental Authority seeks to permanently restrain, enjoin, prohibit or otherwise block the consummation of the Transaction (in full or in part), or seeks amendments to the Transaction or commitments to be undertaken by any Party as a condition to refraining from seeking to block the Transaction, terminating or allowing the applicable waiting period to expire or releasing such Governmental Authority’s Consent with respect to the Transaction, the Parties shall promptly commence and conduct good faith negotiations with each other and with the Relevant Governmental Authority for a period of not less than \*\* and use their respective reasonable endeavors during such period in order to agree upon amendments to the

Transaction Agreements or other actions as may be necessary or advisable to resolve any such objections.

(f) Neither Party shall, before Completion, authorize or announce an intention to authorize, or enter into agreements providing for, any acquisitions of a substantial equity interest in or a substantial portion of the assets of any Person or any business or division thereof, that, in each case, has, either currently or within the previous \*\*, sales, assets or operations in the Territories, and that has not already been publicly announced as of the day before the Agreement Date, in each case whether by merger, consolidation, combination, acquisition of stock or assets or formation of a joint venture or otherwise, that, in each case, would reasonably be expected to prevent, delay, make more difficult or impede the consummation of the Transaction.

7.10 Other Conditions. United shall use its reasonable endeavors to satisfy each of the conditions set out in Sections 9.1 and 9.3. Maple Leaf shall use its reasonable endeavors to satisfy each of the conditions set out in Sections 9.1 and 9.2.

7.11 \*\*

7.12 [RESERVED]

7.13 2018 Budget. During the Pre-Completion Period, each of United and Maple Leaf will use good faith efforts to finalize the initial budget for JV Newco and its Subsidiaries for the period following Completion until the end of the 2017 financial year, if any, and the 2018 financial year (such budget, the “**2018 JV Newco Budget**”); *provided, however*, that if the Parties cannot mutually agree on the 2018 JV Newco Budget on or prior to Completion, (i) the Parties shall create a 2017 budget for JV Newco that combines the budget for the Maple Leaf Group Companies and the United Group Companies on a pro-forma basis for the 2017 financial year, and (ii) after Completion, JV Newco shall create a budget for JV Newco and its Subsidiaries for the 2018 financial year, which shall be subject to the provisions of Schedule 8 of the Shareholders Agreement.

7.14 Post-Completion Restructuring. United, Maple Leaf and JV Newco shall discuss in good faith during the Pre-Completion Period any potential restructuring, recapitalization or other reorganization of the Subsidiaries of JV Newco to be implemented after Completion (including to achieve a rationalised and tax-efficient structure of JV Newco and its Subsidiaries), *provided, however*, that no such restructuring, recapitalization or other reorganization steps shall be undertaken that are inconsistent with Section 8.3 or that is inconsistent with Clause 4.2 or Clause 4.3 of Schedule 7 of the Shareholders’ Agreement.

7.15 Termination of Related Party Transactions.

(a) On or before the Completion Date, United shall cause all United Related Party Transactions, other than those set forth on Section 7.15 of the United Disclosure Letter, or any Immaterial United Related Party Transactions (*provided, however*, that the total value of all such Immaterial United Related Party Transactions

shall in no event exceed \*\* in the aggregate) and those pursuant to any Transaction Agreement) to be terminated in full, without any Liability to any of Maple Leaf, JV Newco or any of their respective Affiliates from and after Completion.

(b) On or before the Completion Date, Maple Leaf shall cause all Maple Leaf Related Party Transactions, other than those set forth on Section 7.15 of the Maple Leaf Disclosure Letter, any Immaterial Maple Leaf Related Party Transactions (*provided*, however, that the total value of all such Immaterial Maple Leaf Related Party Transactions shall in no event exceed \*\* in the aggregate) and those pursuant to any Transaction Agreement) to be terminated in full, without any Liability to any of United, JV Newco or any of their respective Affiliates from and after Completion. Prior to Completion, Maple Leaf shall cause all amounts outstanding under the Maple Leaf Convertible Loan Agreement to be converted into shares of Maple Leaf.Taxi Holdco in accordance with the terms of such agreement (and, prior to Completion, Maple Leaf shall not permit any of the Maple Leaf Group Companies to make any cash payments in respect of amounts owed under the Maple Leaf Convertible Loan Agreement).

7.16 Continuing Employee Matters.

(a) Transferred Employees.

(i) During the Pre-Completion Period, each of United and Maple Leaf will identify those employees or consultants (if any) who are not employed or engaged by an entity that will become a Subsidiary of JV Newco as of Completion, which such Party proposes to transfer to JV Newco or a Subsidiary of JV Newco as of Completion (each, including the employees referenced on Section 6.14(a)(ii) of the Maple Leaf Disclosure Letter, a “**Proposed Transferred Employee**”). Subject to the provisions of Section 7.2, each of United and Maple Leaf shall cooperate with each other and shall provide to the other such documentation, information and assistance as is reasonably necessary to identify which Proposed Transferred Employees shall be offered employment with JV Newco or one of its Subsidiaries. Within \*\* prior to the Completion Date, the Parties shall mutually agree on a final list of Proposed Transferred Employees to be offered employment by JV Newco or one of its Subsidiaries, as well as the applicable Subsidiary for which each such Proposed Transferred Employee will be employed. Each such Proposed Transferred Employee who receives and accepts an offer of employment with JV Newco or any of its Subsidiaries is referred to as a “**Transferred Employee**”.

(ii) JV Newco shall be solely responsible for (A) the payment of all wages, salaries and other compensation and employee benefits (including any severance pay, notice pay, insurance, supplemental pension, deferred compensation, bonuses, retirement and any other benefits, premiums, claims and related costs) to any Transferred Employee, and (B) compliance with all Applicable Laws governing employment (including employment of expatriate employees), including obtaining necessary work permits and other authorizations

(as applicable), relating to or arising out of the employment or service of the Transferred Employees with JV Newco or any of its Subsidiaries from and after Completion.

(iii) Subject to Applicable Law (including Applicable Laws regarding confidentiality of employee information), United, Maple Leaf and their respective Affiliates shall provide promptly to JV Newco or any of its applicable Subsidiaries, at JV Newco's written request, any information or copies of personnel records (including addresses, dates of birth, dates of hire and dependent information) relating to the Transferred Employees or the service of Transferred Employees with United or Maple Leaf, as applicable, as is reasonably necessary to effect the provisions of this Section 7.16(a)(iii).

(b) Compensation.

(i) For the \*\* commencing immediately following the Completion Date, JV Newco shall provide, or cause one of its Subsidiaries to provide, each Continuing Employee with (A) base compensation and target bonus opportunities that in the aggregate are no less than the greater of (x) the base compensation and target bonus opportunities provided to such individuals immediately prior to Completion and (y) the base compensation and target bonus opportunities provided to similarly situated employees of United or Maple Leaf (as applicable); and (B) employee benefits (including perquisites, but excluding equity incentive awards) that in the aggregate are no less favorable than the better of (x) the employee benefits provided to such individuals immediately prior to Completion and (y) the employee benefits provided to similarly situated employees of United or Maple Leaf (as applicable) immediately prior to Completion.

(ii) For any Continuing Employee who was previously a United Business Employee (other than, for the avoidance of doubt, any such United Business Employee who was an agency or contract worker and converted to a full-time employee after the date of this Agreement and prior to Completion) and is terminated without "Cause" (as defined in the Incentive Plan) within \*\* of such Person's employment start date with JV Newco (disregarding prior service with United for this purpose), JV Newco shall provide, or cause one of its Subsidiaries to provide, such Continuing Employee with cash severance benefits in an amount equal to the greater of (x) \*\* worth of such Person's base salary or (y) any severance amount as required under Applicable Law.

(iii) Legacy United Bonus Arrangements.

(I) Post-Completion Retention Bonus. JV Newco shall pay or cause its Subsidiaries to pay the Post-Completion Retention Bonus to the Continuing Employees who were previously United Business Employees (excluding temporary workers, consultants, and individual service providers) (the "**Eligible Bonus Recipients**") subject to their



continued employment with JV Newco through the Retention Date on the first regularly scheduled payroll date following the Retention Date. Within \*\* following the Retention Date, JV Newco shall provide United with a schedule that includes the following (the “**Retention Bonus Schedule**”): (A) a list of each Eligible Bonus Recipient, (B) the gross amount of each Post-Completion Retention Bonus payable to such Eligible Bonus Recipient and (C) the amount of any employer-funded social insurance Taxes due in respect of each such Post-Completion Retention Bonus. Within \*\* following the receipt of the Retention Bonus Schedule, United will pay by wire transfer to JV Newco the aggregate amount set forth on the Retention Bonus Schedule.

(2) Prorated United Annual Bonus. Each Eligible Bonus Recipient shall be eligible to receive an annual bonus from JV Newco or its Subsidiaries equal to the amount that such Person would have received under United Parent’s global bonus program for such year for similarly situated employees, prorated for such Person’s service with United or its Affiliates through Completion and subject to their continued employment with JV Newco or its Subsidiaries through the applicable payment date (the “**Prorated Annual Bonus**”). On or before March 15, 2018, United shall deliver to JV Newco a schedule that includes the gross amount of each Prorated Annual Bonus payable to each such Eligible Bonus Recipient as well as the aggregate amount of Prorated Annual Bonuses for all such Eligible Bonus Recipients (the “**Prorated Annual Bonus Schedule**”). On the first regularly scheduled payroll date following the receipt of the Prorated Annual Bonus Schedule, JV Newco shall pay or cause its applicable Subsidiaries to pay, in accordance with the Prorated Annual Bonus Schedule, the Prorated Annual Bonuses to each Eligible Bonus Recipient in continuous service with JV Newco as of the date of such payment. If the aggregate amount of the Prorated Annual Bonuses actually paid by JV Newco and its Subsidiaries in accordance with this Section 7.16(b)(iii)(2)(A) exceeds the aggregate amount accrued in respect of annual bonuses that are included in the final calculation of the United Working Capital Adjustment in accordance with Section 2.8, then, within \*\* of the payment of the Prorated Annual Bonuses, United shall pay to JV Newco or one of its designees, by wire transfer of immediately available funds, an amount in cash equal to such excess or (B) is less than the aggregate amount accrued in respect of annual bonuses that are included in the final calculation of the United Working Capital Adjustment in accordance with Section 2.8, then, within \*\* of the payment of the Prorated Annual Bonuses, JV Newco shall pay to United or one of its designees, by wire transfer of immediately available funds, an amount in cash equal to such difference. Notwithstanding anything in this Section 7.16(b)(iii)(2) to the contrary, the Parties acknowledge and agree that each of JV Newco and its Subsidiaries shall have the right to award bonus payments to its employees (including any Eligible Bonus Recipients) in respect of any period following Completion, and shall be solely responsible for the payments of all such shortfall.

(c) Service Credit. With respect to any Employee Benefit Plan maintained by JV Newco or its Subsidiaries in which any Continuing Employee may be eligible to participate following Completion (a “**JV Newco Benefit Plan**”), JV Newco shall, and shall cause its Subsidiaries to, recognize all service of a Continuing Employee with United or Maple Leaf or any of their respective Affiliates, as the case may be, as if such service were with JV Newco, for purposes of eligibility, vesting and level of benefits under any such JV Newco Benefit Plan; *provided, however*, such service shall

not be recognized to the extent that (i) such recognition would result in a duplication of benefits or (ii) such service was not recognized under a corresponding Employee Benefit Plan sponsored by United or Maple Leaf, as applicable.

(d) Equity Incentive Plan and Rollover of Unvested Awards.

(i) Prior to Completion, JV Newco shall adopt an employee equity incentive plan (the "**Incentive Plan**"), which shall be structured in the manner provided in Section 7.16(d)(i) of the Maple Leaf Disclosure Letter (as mutually agreed to by the Parties and delivered as of the Agreement Date), and shall contain the key terms and provide for a share reserve as set forth therein. The Incentive Plan and all forms of equity award agreements adopted prior to Completion shall be subject to the prior review and approval of United.

(ii) Promptly following Completion and the commencement of a Continuing Employee's employment with JV Newco or one of its Subsidiaries, each eligible Continuing Employee shall receive an equity award issued from the Incentive Plan (a "**JV Newco Rollover Award**") in replacement of (x) in the case of Maple Leaf Business Employees, each unvested option to receive depository receipts in the Foundation and (y) in the case of United Business Employees, each United unvested compensatory equity award, in each case, held by such individual that is cancelled, expires or otherwise forfeited in connection with the transactions contemplated by this Agreement (a "**Forfeited Award**"). Each JV Newco Rollover Award shall (A) except as may be necessary for compliance with applicable Law or advisable to avoid adverse tax consequences to the Continuing Employee, be for the same type of award (option, restricted stock unit, etc.) as the corresponding Forfeited Award, (B) have a fair value as of the grant date (determined in accordance with FASB ASC 718) which equals the fair value of the Forfeited Award, (C) except as set forth in Section 7.16(d)(ii) of the Maple Leaf Disclosure Letter (as mutually agreed to by the Parties and delivered as of the Agreement Date, incorporate substantially the same vesting terms (including any accelerated vesting provisions or put rights) as the Forfeited Award as of immediately prior to such cancellation, expiration or forfeiture, provided that any unsatisfied "cliff" vesting in a Forfeited Award shall be reflected as \*\* vesting in the corresponding JV Newco Rollover Award, and (D) contain such other terms and conditions set forth in Section 7.16(d)(ii) of the Maple Leaf Disclosure Letter (as mutually agreed to by the Parties and delivered as of the Agreement Date). For example, if a Forfeited Award was subject to a \*\* vesting schedule with a \*\*, and the Continuing Employee had provided \*\* of service to the relevant as of the date of cancellation of such award, then the corresponding JV Newco Rollover Award shall vest monthly over a \*\* measured from the later of the Completion Date and the date such Continuing Employee commences employment with employment with JV Newco or one of its Subsidiaries. Prior to the Completion Date, Maple Leaf and United will jointly prepare a schedule setting forth the key terms of each JV Newco Rollover Award to be granted to a Continuing Employee, including the type of award, number of shares, vesting schedule and other vesting terms.

(e) Employee Communications. Prior to the Completion Date, Maple Leaf and United agree to consult with each other, and to consider in good faith the advice of such other Party, prior to initiating any communication plan or strategy directed to employees or other service providers regarding the transactions contemplated by this Agreement. Maple Leaf and United shall provide to such other Party a draft of any proposed notice, document or other employee communication and a reasonable period of time (and no less than \*\*) for review and comment, and shall consider in good faith the comments of such other Party, and shall provide such Party with a final copy in advance of any distribution.

(f) Key United Employees. In the event that United elects, in accordance with Section 7.4(b)(xvi), to transfer prior to Completion any of the United Business Employees set forth on Section 7.16(f) of the United Disclosure Letter (each, a " **Key United Employee** ") to an Affiliate of United that is not a United Group Company, then subject to applicable Law, United agrees to, or to cause its applicable Affiliate to, as a condition to such Key United Employee transferring to an Affiliate of United that is not a United Group Company, provide that such Key United Employee shall be seconded to JV Newco or one of its Affiliates, for a period no less than \*\* but no greater than \*\* following the Completion Date, pursuant to the terms of a secondment agreement (which secondment agreement will provide for terms and conditions mutually determined by Maple Leaf and United on or prior to Completion). In the event that any such Key United Employee refuses such secondment, United agrees, at its election, to either terminate the employment of such Key United Employee as of Completion and to not to solicit or hire such Key United Employee for a period of \*\* following such termination, or, alternately, to place such individual on a leave of absence for a period of \*\* following the Completion Date during which such Key United Employee shall not be permitted to provide services to United or its Affiliates. If a secondment arrangement would not be permissible under Applicable Law, the parties agree to work in good faith to accomplish the intent of such secondment arrangement by legally permissible means, so long as the cost to United and/or its Affiliates under such alternative arrangement is not materially more than the secondment arrangement contemplated by this Section 7.16(f). Additionally, United agrees not to, and shall cause its Affiliates not to, for a period beginning on the Completion Date and ending on the date that is \*\* following the Completion Date, solicit or hire any Key United Employee that is a Transferred Employee.

(g) No Third Party Beneficiaries. The Parties hereto acknowledge and agree that all provisions contained in this Section 7.16 are included for the sole benefit of the respective Parties hereto and shall not create any right, including any third party beneficiary right, (i) in any other Person, including any Continuing Employee, or (ii) to employment or continued employment or any term or condition of employment with JV Newco or any of its Subsidiaries, except as required by Applicable Law. Nothing contained in this Agreement is intended to be or shall be considered to be an amendment or adoption of any plan, program, agreement, arrangement or policy of JV Newco or any of its Subsidiaries nor shall it interfere with or limit JV Newco's right to adopt, amend, modify or terminate any benefit or compensation plan, program, agreement, policy,

contract or arrangement of JV Newco or its Subsidiaries. Nothing contained in this Agreement is intended to or shall be interpreted to require JV Newco or its Subsidiaries to continue the employment of any Continuing Employee, or confer on any Continuing Employee any right to continued employment with JV Newco or its Affiliates for any period of time following the Completion Date, except as required by Applicable Law.

7.17 Foundation; Incentive Plan Matters.

(a) Prior to Completion, United and Maple Leaf shall procure that JV Newco shall form a new foundation (*stichting*) under Dutch law prior to Completion (the “**MLU Foundation**”) for purposes of holding JV Newco Class A Shares underlying depositary receipts issued or to be issued from time to time to members of management and other Continuing Employees of JV Newco and its Subsidiaries, including pursuant to the Incentive Plan.

(b) Maple Leaf shall procure that, immediately prior to Completion, all shares of Maple Leaf.Taxi Holdco held by the Foundation as of such time (i) in respect of all options to acquire depositary receipts of Maple Leaf.Taxi Holdco that have been previously cancelled in substitution for restricted share unit grants by Maple Leaf in respect of Class A ordinary shares of Maple Leaf, (ii) in respect of all unvested option awards of Maple Leaf.Taxi Holdco, and (iii) in respect of unallocated grants under Maple Leaf.Taxi Holdco’s equity incentive programs, shall in each case be transferred to Maple Leaf and contributed by Maple Leaf to JV Newco as part of the Maple Leaf Contributions in accordance with Section 2.2 (and shall, for the avoidance of doubt, be accounted for in the Maple Leaf Ownership Percentage and shall not, for the avoidance of doubt, in any way impact the United Ownership Percentage) (collectively, the “**Pre-Completion Foundation Reorganization**”).

(c) Maple Leaf shall procure that, immediately following Completion, the Foundation shall transfer and contribute to the MLU Foundation, in each case in accordance with Schedule 2.2(b), delivered pursuant to Section 7.17(d):

(i) the Foundation Contribution Shares received by the Foundation under this Agreement in respect of outstanding depositary receipts issued in respect of the shares in Maple Leaf.Taxi Holdco and held by Tigran Kudaverdyan as at immediately before Completion, and the MLU Foundation shall issue depositary receipts in respect of such Foundation Contribution Shares to Tigran Kudaverdyan promptly following the relevant Foundation Contribution Shares having been transferred to the MLU Foundation; and

(ii) all remaining Foundation Contribution Shares received by the Foundation under this Agreement in respect of vested but unexercised options to purchase depositary receipts of Maple Leaf.Taxi Holdco as at immediately before Completion, and the MLU Foundation shall issue and grant vested option awards in respect of such Foundation Contribution Shares to purchase JV Newco

Class A Shares promptly following the relevant Foundation Contribution Shares having been transferred to the MLU Foundation.

(d) Within \*\* prior to Completion, Maple Leaf shall deliver to United a written schedule setting out the number, methodology, calculation and allocation of the Foundation Contribution Shares (such schedule, "**Schedule 2.2(b)**").

7.18 Kazakhstan.

(a) If the Kazakhstan Regulatory Approval is not obtained on or before the Kazakhstan Approval Date, the Parties shall, for a period of \*\* from the Completion Date, endeavor to obtain the Kazakhstan Regulatory Approval, applying the terms of Section 7.9(a) to 7.9(e) (inclusive) to such endeavors *mutatis mutandis*.

(b) If Kazakhstan Regulatory Approval is so obtained within \*\* from Completion, United shall, and shall cause its Affiliates to, promptly (but in any event no later than \*\* from the date upon which the Kazakhstan Regulatory Approval is first obtained) (i) contribute, for no consideration, all right, title and interest in and to the issued and outstanding share capital of United Kazakhstan to JV Newco or any of its Affiliates, and (ii) assign or otherwise transfer, for no consideration, to JV Newco or any of its Affiliates, (A) the Contracts to which United or any of its Affiliates is a party or to which any of their respective properties or assets is bound as of immediately prior to the date upon which the Kazakhstan Regulatory Approval is obtained, solely to the extent such Contracts exclusively relate to, or are used exclusively in connection with, the Business as conducted by United and its Affiliates immediately prior to the date upon which the Kazakhstan Regulatory Approval is obtained (such Contracts, the "**United Kazakhstan Contracts**") and (B) all Liabilities of United and/or its Affiliates that exclusively relate to or otherwise arise out of the Business as conducted by United or its Affiliates in Kazakhstan prior to the date upon which the Kazakhstan Regulatory Approval is obtained (collectively, the "**Kazakhstan Transfer**" or, for the purposes of Section 7.18(e), the "**Kazakhstan Assets**"); *provided*, that (x) the written documentation required to effect the Kazakhstan Transfer ("**Kazakhstan Transfer Documents**") shall be on substantially the same terms and conditions as the written documents executed to effect the United Pre-Completion Restructuring and (y) not less than \*\* after the date upon which the Kazakhstan Regulatory Approval is first obtained, United shall provide Maple Leaf with copies of the Kazakhstan Transfer Documents and shall provide Maple Leaf with a reasonable opportunity to review and comment on such documentation prior to execution; provided, further, to the extent that all obligations under any United Kazakhstan Contract cannot be fully transferred and assigned to a member of JV Newco or its Affiliates without the consent of, or pursuant to a novation agreement with, the other party to such United Kazakhstan Contract, until such consent or novation is obtained by United, Maple Leaf shall cause JV Newco (1) to procure that all obligations under such United Kazakhstan Contract are duly and properly performed, assumed, paid and discharged in accordance with their terms and (2) indemnify United and its Affiliates (other than the United Group Companies) against all Actions and Costs incurred or suffered by United or any of its Affiliates (other than the United Group Companies) as

result of any failure on the part of JV Newco or its Affiliates to fully perform, satisfy and discharge such obligations on or after the Completion Date.

(c) If Kazakhstan Regulatory Approval is not obtained within \*\* from Completion, United shall, and shall cause its Affiliates to, use their respective best endeavors to, subject to Antitrust Laws in Kazakhstan, effect an arm's length transfer of the Kazakhstan Assets to a third party (" **Third Party Kazakhstan Sale** ") for cash consideration equal to the then fair market value of the Kazakhstan Assets as determined in good faith by United (the " **Kazakhstan Sale Proceeds** "). Within \*\* of the completion of the Third Party Kazakhstan Sale, United shall contribute, for no consideration, the Kazakhstan Sale Proceeds, net of any Taxes paid or payable as a result of the Third Party Kazakhstan Sale, to JV Newco.

7.19 Belarus.

(a) If the Belarus Regulatory Approval is not obtained on or before the Belarus Approval Date, the Parties shall, for a period of \*\* from the Completion Date, endeavor to obtain the Belarus Regulatory Approval, applying the terms of Section 7.9(a) to 7.9(e) (inclusive) to such endeavors *mutatis mutandis* .

(b) If Belarus Regulatory Approval is so obtained within \*\* from Completion, United shall, and shall cause its Affiliates to, promptly (but in any event no later than \*\* from the date upon which the Belarus Regulatory Approval is first obtained) (i) contribute, for no consideration, all right, title and interest in and to the issued and outstanding share capital of United Belarus to JV Newco or any of its Affiliates, and (ii) assign or otherwise transfer, for no consideration, to JV Newco or any of its Affiliates, (A) the Contracts to which United or any of its Affiliates is a party or to which any of their respective properties or assets is bound as of immediately prior to the date upon which the Belarus Regulatory Approval is obtained, solely to the extent such Contracts exclusively relate to, or are used exclusively in connection with, the Business as conducted by United and its Affiliates immediately prior to the date upon which the Belarus Regulatory Approval is obtained (such Contracts, the " **United Belarus Contracts** ") and (B) all Liabilities of United and/or its Affiliates that exclusively relate to or otherwise arise out of the Business as conducted by United or its Affiliates in Belarus prior to the date upon which the Belarus Regulatory Approval is obtained (collectively, the " **Belarus Transfer** " or, for the purposes of Section 7.19(c), the " **Belarus Assets** "); *provided* , that (x) the written documentation required to effect the Belarus Transfer (" **Belarus Transfer Documents** ") shall be on substantially the same terms and conditions as the written documents executed to effect the United Pre-Completion Restructuring and (y) not less than \*\* after the date upon which the Belarus Regulatory Approval is first obtained, United shall provide Maple Leaf with copies of the Belarus Transfer Documents and shall provide Maple Leaf with a reasonable opportunity to review and comment on such documentation prior to execution; provided, further, to the extent that all obligations under any United Belarus Contract cannot be fully transferred and assigned to a member of JV Newco or its Affiliates without the consent of, or pursuant to a novation agreement with, the other party to such United Belarus Contract,

until such consent or novation is obtained by United, Maple Leaf shall cause JV Newco (1) to procure that all obligations under such United Belarus Contract are duly and properly performed, assumed, paid and discharged in accordance with their terms and (2) indemnify United and its Affiliates (other than the United Group Companies) against all Actions and Costs incurred or suffered by United or any of its Affiliates (other than the United Group Companies) as result of any failure on the part of JV Newco or its Affiliates to fully perform, satisfy and discharge such obligations on or after the Completion Date.

(c) If Belarus Regulatory Approval is not obtained within \*\* from Completion, United shall, and shall cause its Affiliates to, use their respective best endeavors to, subject to Antitrust Laws in Belarus, effect an arm's length transfer of the Belarus Assets to a third party (" **Third Party Belarus Sale** ") for cash consideration equal to the then fair market value of the Belarus Assets as determined in good faith by United (the " **Belarus Sale Proceeds** "). Within \*\* of the completion of the Third Party Belarus Sale, United shall contribute, for no consideration, the Belarus Sale Proceeds, net of any Taxes paid or payable as a result of the Third Party Belarus Sale, to JV Newco.

7.20 Mutual Covenant Not to Sue. During the period commencing on the Completion and ending on the date on which the Party providing the following covenant ceases to be a Shareholder of JV Newco, Maple Leaf and United each hereby covenants not to sue, or bring suit, prosecute, assist or participate in any judicial, administrative or other proceeding of any kind against JV Newco, any of its subsidiaries, or any of their customers (including end users) (a) in the Territories, (b) for infringement of any Patent of Maple Leaf or United, as applicable, solely related to (as applicable) the making, having made, using, selling, offering for sale, importation, or other exploitation of any products or services offered by JV Newco and related to the Business as currently conducted and as currently proposed to be conducted; provided, however, that following any such exit date, the party that ceases to be a shareholder of JV Newco shall continue to be bound by such covenant not to sue solely with respect to any Patent owned or controlled by such shareholder as of such exit date that covers any products of services offered by JV Newco as of such exit date, but only to the extent such products and services relate to the Business as currently conducted and as proposed to be conducted at Completion. Any sale, exclusive license or other disposition of a Patent that is covered by the foregoing covenant shall be expressly made subject to such covenant.

7.21 EATS Assets. Following Completion, upon the occurrence of the Transition Date (as such term is defined in Schedule 3 of the Transition Services Agreement), United will promptly transfer and deliver, or cause to be transferred and delivered, for no additional consideration, through assignment, demerger or such other procedure as determined by United, all right, title and interest of United and its Affiliates in the EATS Assets to JV Newco.

7.22 Other Maple Leaf Undertakings. Prior to Completion, Maple Leaf shall procure (or shall cause Maple Leaf.Taxi Holdco to procure) that (a) the obligation of any Maple Leaf Group Company to pay the Ros.Taxi Deferred Consideration be settled or otherwise discharged in full without any further Liability to any Maple Leaf Group Company, and (b) the

application to transfer ownership of the Yandex.Taximeter software (free from any Encumbrances) to Maple Leaf.Taxi LLC has been filed.

7.23 Maple Leaf Maps and LBS Integration. Each of United and Maple Leaf will use reasonable commercial efforts to cooperate and to provide technical resources to effect the Maps Integration as promptly as is practical after the Completion. Each of United and Maple Leaf will own all rights (including all intellectual property rights) arising out of their respective development work toward the Maps Integration .

7.24 Maple Leaf Group Companies Agreement. Each of United and Maple Leaf shall use reasonable endeavors during the Pre-Completion Period to agree on the terms of (i) a trademark sublicense agreement and (ii) a Services and License Agreement, to be entered into by Maple Leaf.Taxi LLC and Maple Leaf.Taxi B.V. on or prior to Completion, pursuant to which, *inter alia* , Maple Leaf.Taxi LLC will sub-license certain Maple Leaf trademarks, the Provided IP, license the Taxi Core IP, and provide certain additional services .

ARTICLE 8  
TAX MATTERS

8.1 Taxes.

(a) United shall (i) file or cause to be filed (at its own expense or the expense of the relevant United Group Company) all Tax Returns of the United Group Companies for a Pre-Completion Tax Period that ends before the Completion Date within the time period for filing (taking into account all extensions properly obtained), and such Tax Returns shall be true, correct and complete in all material respects, and (ii) pay or cause to be paid when due any and all Taxes attributable to or levied or imposed upon the Acquired Territory Assets or that are levied or imposed upon a United Group Company for any Pre-Completion Tax Period that ends on or before the Completion Date (and that is not part of a Straddle Period).

(b) Maple Leaf shall (i) file or cause to be filed (at its own expense or the expense of the relevant Maple Leaf Group Company) all its Tax Returns and all Tax Returns of the Maple Leaf Group Companies for a Pre-Completion Tax Period that ends before the Completion Date within the time period for filing (taking into account all extensions properly obtained), and such Tax Returns shall be true, correct and complete in all material respects, and (ii) pay or cause to be paid when due any and all Taxes attributable to or levied or imposed upon it or a Maple Leaf Group Company for any Pre-Completion Tax Period that ends on or before the Completion Date (and that is not part of a Straddle Period). Maple Leaf shall provide a copy of each such filed Tax Return for any Maple Leaf Group Company to United as soon as reasonably practicable.

(c) United shall be responsible for and shall pay any and all Pre-Completion Taxes with respect to the United Group Companies and the Acquired Territory Assets. Maple Leaf shall be responsible for and shall pay any and all Pre-Completion Taxes with respect to the Maple Leaf Group Companies. Taxes for any



Straddle Period will be apportioned to the Pre-Completion Tax Period as follows: (i) in the case of any Taxes based on or measured by income or receipts, Taxes apportioned to the Pre-Completion Tax Period will be determined based on an interim closing of the books as of the close of business on the Completion Date, except that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions), other than with respect to property placed in service after the Completion Date or retired from service before the end of the company's taxable year that includes the Completion, shall be allocated on a per diem basis, and (ii) the amount of any other Taxes for a Straddle Period that relates to the Pre-Completion Tax Period will be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days from (and including) the first day of such Straddle Period through (and including) the Completion Date, and the denominator of which is the total number of days in such Straddle Period.

(d) Certain Taxes. All transfer, documentary, VAT, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest; "Transfer Taxes") imposed on (i) the transfer to United Holdco of any of the United Territory Companies (ii) the transfer of United Holdco to JV Newco or (iii) the transfer of the Acquired Territory Assets by United (or its direct or indirect wholly owned Subsidiary, as relevant) pursuant to this Agreement, as the case may be, shall be paid by United when due, whether imposed on United, JV Newco or any of the United Group Companies. All Transfer Taxes imposed on the transfer from Maple Leaf to JV Newco of Maple Leaf Tax Holdco pursuant to this Agreement, shall be paid by Maple Leaf when due, whether imposed on Maple Leaf, JV Newco, or any of the Maple Leaf Group Companies.

8.2 Withholding Rights. JV Newco shall be entitled to deduct and withhold from the consideration otherwise deliverable by it under this Agreement, and from any other payments otherwise required pursuant to this Agreement, such amounts of Tax as JV Newco is required to deduct and withhold with respect to any such deliveries and payments made by it under any provision of federal, state, local, or provincial Applicable Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes of this Agreement as having been delivered and paid to the Party in respect of which such deduction and withholding was made if proof of payment of such amount withheld (such as a receipt from the Tax Authority substantiating payment) is provided by JV Newco to the person on whose behalf the Tax was withheld.

8.3 Tax Consequences. For U.S. federal income Tax purposes (and U.S. state and local Tax purposes where applicable), United, the Maple Leaf Shareholders and JV Newco each intend that the United Contributions and the Maple Leaf Contributions in exchange for the United Contribution Shares, the Maple Leaf Contribution Shares and the Foundation Contribution Shares respectively, at Completion be treated as a single interrelated transaction that qualifies as an exchange described in Section 351(a) of the Code. In that regard, (a) JV Newco does not have (and will not have, at or prior to Completion) a current plan or intention to issue additional shares of its capital stock and JV Newco shall not issue additional shares of its capital stock that would adversely affect the treatment of the United Contribution and the Maple

Leaf Contribution as an exchange described in Section 351(a) of the Code, it being agreed that this clause (a) shall not prohibit any issuance by JV Newco of additional shares of its capital stock as otherwise permitted under this Agreement unless such issuance, following Completion, is pursuant to a plan entered into or an intention that existed on or prior to Completion; (b) neither United nor any of the Maple Leaf Shareholders has (or will have, at or prior to Completion) a current plan or intention to transfer, on or following Completion, United Contribution Shares, Maple Leaf Contribution Shares or Foundation Contribution Shares, and neither United nor any of the Maple Leaf Shareholders shall transfer any of such shares if such transfer would adversely affect the treatment of the United Contribution and the Maple Leaf Contribution as an exchange described in Section 351(a) of the Code, it being agreed that this clause (b) shall not prohibit any such transfer that is otherwise permitted under this Agreement unless such transfer, following Completion, is pursuant to a plan entered into or an intention that existed on or prior to Completion; and (c) each of United, the Maple Leaf Shareholders, JV Newco and their respective Affiliates shall act in accordance with the treatment of such contributions as a transaction which qualifies under Section 351 of the Code in the filing of all U.S. federal, state and local Tax Returns and in the course of any U.S. federal, state and local Tax audit, Tax review or Tax litigation relating thereto and shall take no position for US federal, state or local Tax purposes inconsistent with such treatment.

ARTICLE 9

9.1 Conditions to Each Party's Obligation to Effect the Transaction. The respective obligations of each Party to effect and consummate the Transaction shall be subject to the satisfaction at or prior to Completion of each of the following conditions:

- (a) Certain Governmental Approvals. Any and all Required Regulatory Approvals set forth on Exhibit 9.1(a) (collectively, the "**Completion Regulatory Approvals**") shall have been obtained.
- (b) No Litigation. No suit, action, proceeding, application or counterclaim shall be pending by any Governmental Authority or Person wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (i) prevent, restrain or prohibit the consummation of the Transaction, (ii) cause the Transaction to be rescinded, or (iii) result in any divestiture, sale, license, operational restriction, consent or Encumbrance of any properties, assets or businesses by such Party or any of its respective Affiliates, or the imposition of any material limitation on the ability of any of the foregoing to conduct its respective businesses or to own or exercise control of their respective assets and properties, that would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of such business on JV Holdco and its Subsidiaries, taken as a whole, following Completion.
- (c) No Injunctions or Restraints. No judgment, order, injunction, decree, Applicable Law, or other legal restraint or prohibition (whether temporary, preliminary or permanent), entered, enacted, promulgated, enforced or issued by any court or other Governmental Authority of competent jurisdiction, shall be in effect that prohibits, makes illegal or enjoins the consummation of the Transaction.

9.2 Additional Conditions to Obligations of United. The obligation of United to effect and consummate the Transaction shall be subject to the satisfaction at or prior to Completion of each of the following conditions, any of which may be waived in writing by United:

(a) Accuracy of Warranties. The Maple Leaf Fundamental Warranties (other than the warranties in Sections 6.4, 6.5(d) through 6.5(i) (inclusive), 6.16(a) and 6.16(f)) shall be true and correct in all material respects as of the Agreement Date and as of the Completion Date with the same effect as though made on and as of Completion (except to the extent expressly made as of an earlier date, in which case such warranties shall be true and correct in all material respects as of such earlier date). The other warranties of Maple Leaf in Article 6 (including, for the avoidance of doubt, the warranties in Sections 6.4, 6.5(d) through 6.5(i) (inclusive), 6.16(a) and 6.16(f)) shall be true and correct (without giving effect to any limitation as to materiality or Material Adverse Effect set forth therein) as of the Agreement Date and as of the Completion Date with the same effect as though made on and as of Completion (except to the extent expressly made as of an earlier date, in which case such warranties shall be true and correct as of such earlier date), except where the failure of such warranties to be true and correct would not reasonably be expected to have, individually or in the aggregate, have a Material Adverse Effect on the Maple Leaf Business.

(b) Covenants. Each of Maple Leaf and JV Newco shall have performed and complied in all material respects with all of its covenants under this Agreement on or before Completion (to the extent that such covenants require performance by Maple Leaf and/or JV Newco, as applicable, on or before Completion).

(c) No Material Adverse Effect. Since the Maple Leaf Group Statement Date, there shall not have been any Material Adverse Effect on the Maple Leaf Business that is continuing.

(d) Completion Deliveries. United shall have received the Completion deliveries of JV Newco, Maple Leaf and the MLU Foundation specified in Sections 3.4 and 3.6, as applicable.

(e) Share Exchange Condition. United shall be entitled to receive, contemporaneously with Completion, a number of JV Newco Class B Shares equal to \*\* of the aggregate number of United Contribution Shares and the Maple Leaf Contribution Shares (such number of shares, the "**Share Exchange Condition**") from Maple Leaf under the terms of the Share Exchange Agreement (which agreement, as applicable, shall have been duly executed by each of the parties thereto and shall be in full force and effect as of Completion, immediately after the issuance of the United Contribution Shares and the Maple Leaf Contribution Shares).

(f) [RESERVED]

(g) Key Maple Leaf Employees. At least Tigran Kudaverdyan and four (4) of the other individuals listed on Section 9.2(g) of the Maple Leaf Disclosure Letter (the “**Key Maple Leaf Employees**”) shall have executed and delivered an employment agreement with JV Newco or its applicable Subsidiary, which such agreement shall incorporate the terms and conditions set forth on Section 9.2(g) of the Maple Leaf Disclosure Letter (a “**Key Maple Leaf Employee Agreement**”), with employment of such Key Maple Leaf Employees to be effective upon Completion in accordance with its terms, and such Key Maple Leaf Employee Agreement shall remain in full force and effect as of Completion (and shall not have been revoked or otherwise repudiated by the Key Maple Leaf Employee party thereto).

(h) Maple Leaf Maps and LBS Integration. Maple Leaf and United shall have completed the integration of the Maps and LBS services set forth in Appendix 2 to the Software License Amendment Agreement with each of United’s proprietary ridesharing app and proprietary driver app (the “**Maps Integration**”). The Maps Integration will be deemed completed when, as reasonably determined by United in good faith, United can deploy such Maple Leaf Maps and LBS services in replacement of United’s current vendors of equivalent services in the Territories, in each case without a materially adverse difference between the experience of the user of such passenger or driver app, from their experience in the Territories immediately prior to the Closing.

(i) Finalization of GMV and EBITDA Calculations. The earlier of (x) United not disputing any of the (i) \*\*, (ii) \*\*, (iii) \*\* or (iv) \*\* in accordance with Section 2.6 and (y) any Maple Leaf Dispute Notice being resolved in accordance with Section 2.6

9.3 Additional Conditions to Obligations of Maple Leaf. The obligation of Maple Leaf and JV Newco to effect and consummate the Transaction shall be subject to the satisfaction at or prior to Completion of each of the following conditions, any of which may be waived in writing by Maple Leaf:

(a) Accuracy of Warranties. The United Fundamental Warranties (other than the warranties in Section 4.4, 4.5(d) through 4.5(i) (inclusive), 4.16(a) and 4.16(b)) shall be true and correct in all material respects as of the Agreement Date and as of the Completion Date with the same effect as though made on and as of Completion (except to the extent expressly made as of an earlier date, in which case such warranties shall be true and correct in all material respects as of such earlier date). The other warranties of United in Article 4 (including, for the avoidance of doubt, the warranties in Section 4.4, 4.5(d) through 4.5(i) (inclusive), 4.16(a) and 4.16(b)) shall be true and correct (without giving effect to any limitation as to materiality or Material Adverse Effect set forth therein) as of the Agreement Date and as of the Completion Date with the same effect as though made on and as of Completion (except to the extent expressly made as of an earlier date, in which case such warranties shall be true and correct as of such earlier date), except where the failure of such warranties to be true and correct would not reasonably be expected to have, individually or in the aggregate, have a Material Adverse Effect on the United Business.

- (b) Covenants. United shall have performed and complied in all material respects with all of its covenants under this Agreement at or before Completion (to the extent that such covenants require performance by United at or before Completion).
- (c) No Material Adverse Effect. Since the United Statement Date, there shall not have been any Material Adverse Effect on the United Business that is continuing.
- (d) Completion Deliveries. Maple Leaf shall have received the Completion deliveries of JV Newco and United specified in Sections 3.3 and 3.5, as applicable.
- (e) Finalization of GMV and EBITDA Calculations. The earlier of (x) Maple Leaf not disputing any of the (i) \*\*, (ii) \*\*, (iii) \*\* or (iv) \*\* in accordance with Section 2.5(d) and (y) any United Dispute Notice being resolved in accordance with Section 2.5(e).

ARTICLE 10  
TERMINATION

10.1 Termination. This Agreement may be terminated prior to Completion:

- (a) by mutual written consent of Maple Leaf and United;
- (b) by either Maple Leaf or United, if the Transaction has not been consummated by the date that is \*\* from the date of this Agreement, or any other date that Maple Leaf and United may agree upon in writing (the “Outside Date”); *provided, that*, (i) if, and only if, on the Outside Date all of the conditions set forth in Article 9 (other than Section 9.1(a) and/or Section 9.2(h) and those conditions that by their nature are to be satisfied at the Completion Date, shall have been satisfied or waived by Maple Leaf or United, to the extent waivable by Maple Leaf or United (other than the delivery of the closing officer certificate referenced in Section 3.5(f) or Section 3.6(f), as applicable, which certificate only need to be capable of being delivered), then the Outside Date shall automatically be extended one time (but no more than one time) by a period of \*\* (and all references to the Outside Date herein shall be as so extended) and (ii) the right to terminate this Agreement pursuant to this Section 10.1(b) shall not be available to any Party whose action or failure to fulfill any covenant or obligation under this Agreement has been a primary cause of, or resulted in, any of the conditions to the consummation of the Transaction set forth in Article 9 to not be fulfilled or to fail to be satisfied on or prior to the Outside Date;
- (c) by either Maple Leaf or United, if a court of competent jurisdiction or other Governmental Authority having jurisdiction shall have issued a final and nonappealable Order, or shall have taken any other final and nonappealable action, in each case having the effect of permanently restraining, enjoining or otherwise prohibiting

the consummation of the Transaction as contemplated by this Agreement; *provided, however*, that the right to terminate this Agreement pursuant to this Section 10.1(c) shall not be available to any Party whose action or failure to fulfill any covenant or obligation under this Agreement has been a principal cause of, or resulted in, the issuance or grant of any such Order or the taking of such action;

(d) by Maple Leaf upon a breach of any warranty, covenant or agreement on the part of United set forth in this Agreement, or if any warranty of United (i) shall have become untrue as given on the date of this Agreement or (ii) would be untrue when such warranty is deemed repeated at Completion, in either case such that the conditions set forth in Section 9.1 or Section 9.3 would not be satisfied as of the time of such breach or as of the time such warranty shall have become untrue; *provided, that*, if such inaccuracy in United's warranties or breach by United of a covenant or agreement is curable by United \*\* (it being acknowledged and agreed that any breach by United of the covenants and agreements set forth in Section 7.6 shall not be capable of cure), then Maple Leaf may not terminate this Agreement under this Section 10.1(d) for \*\* after delivery of written notice from Maple Leaf to United of such breach (it being understood that Maple Leaf may not terminate this Agreement pursuant to this Section 10.1(d) if such breach by United is cured during such \*\*);

(e) by United upon a breach of any warranty, covenant or agreement on the part of Maple Leaf set forth in this Agreement, or if any warranty of Maple Leaf (i) shall have become untrue as given on the date of this Agreement or (ii) would be untrue when such warranty is deemed repeated at Completion, in either case such that the conditions set forth in Section 9.1 or Section 9.2 would not be satisfied as of the time of such breach or as of the time such warranty shall have become untrue; *provided, that*, if such inaccuracy in Maple Leaf's warranties or breach by Maple Leaf of a covenant or agreement is curable by Maple Leaf within \*\* (it being acknowledged and agreed that any breach by Maple Leaf of the covenants and agreements set forth in Section 7.6 shall not be capable of cure), then United may not terminate this Agreement under this Section 10.1(e) for \*\* after delivery of written notice from United to Maple Leaf of such breach (it being understood that United may not terminate this Agreement pursuant to this Section 10.1(e) if such breach by Maple Leaf is cured during such \*\*);

(f) by United, if at any time prior to Completion any event has occurred or any circumstance exists which, alone or together with any one or more other events or circumstances has had or is having a Material Adverse Effect on the Maple Leaf Business; or

(g) by Maple Leaf, if at any time prior to Completion any event has occurred or any circumstance exists which, alone or together with any one or more other events or circumstances has had or is having a Material Adverse Effect on the United Business.

10.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 10.1, this Agreement shall be of no further force or effect; *provided*,

however, that: (a) Sections 10.2, 10.3, 10.4 and Article 12 shall survive the termination of this Agreement and shall remain in full force and effect, (b) the Mutual NDA and the JDA shall remain in full force and effect in accordance with their terms, and (c) the termination of this Agreement shall not relieve any Party from any liability for fraud, willful misconduct or willful concealment or for any intentional and material breach of any covenant, obligation or warranty contained in this Agreement.

10.3 Expenses. Subject to Section 10.4, all fees and expenses incurred in connection with this Agreement and the Transaction (including fees of attorneys, accountants and financial advisors) shall be paid (or caused to be paid) by the Party incurring such fees or expenses, whether or not the Transaction is consummated. The Parties shall each pay one-half of all fees and expenses incurred with respect to attorneys and economic experts jointly retained by the Parties in connection with the Required Regulatory Approvals.

10.4 Termination Fee.

(a) Without prejudice to the rights of each of United and Maple Leaf to terminate this Agreement prior to Completion pursuant to the provisions of Section 10.1, during the Pre-Completion Period, each of United or Maple Leaf (hereinafter referred to as an “**electing Party**”) may elect not to perform any or all of their respective obligations under Section 7.6 by serving a notice to Maple Leaf or United (as applicable) (hereinafter referred to as a “**non-electing Party**”). In the event of such an election and/or if this Agreement is validly terminated (A) by Maple Leaf (the non-electing Party) pursuant to Section 10.1(d) as a result of a breach by United (the electing Party) of its obligations under Section 7.6 or (B) by United (the non-electing Party) pursuant to Section 10.1(e) as a result of a breach by Maple Leaf (the electing Party) of its obligations under Section 7.6, as the case may be, the electing Party shall be obliged to pay on demand, to the non-electing Party, the applicable Termination Fee. The Termination Fee payable pursuant to this Section 10.4(a) shall be paid no later than the \*\* following the earlier of (A) receipt of demand from the non-electing Party and (B) the termination of this Agreement in accordance with the prior sentence. Any payment under this Section 10.4 shall be made by wire transfer of immediately available funds to an account designated in writing by the non-electing Party to the electing Party. For the avoidance of doubt, the right of the non-electing Party to receive the Termination Fee is not conditional on the receipt of a notice from the electing Party of its election not to perform its respective obligations under Section 7.6.

(b) In the event that (i) this Agreement is validly terminated by either Maple Leaf or United pursuant to (A) Section 10.1(c) in the event that a Governmental Authority referenced on Exhibit 9.1(a) issues a final and nonappealable Order, or shall have taken any other final and nonappealable action, in each case having the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the Transaction as contemplated by this Agreement or (B) Section 10.1(b), provided, that as of the date of such termination, the condition set forth in Section 9.1(a) remains not then satisfied and (ii) Maple Leaf or any of its Affiliates on one hand, or United or any of its Affiliates on the other, enters into a definitive agreement with respect to, or

consummates, a Competitive Proposal within \*\* of the date this Agreement is so terminated (in each case, as applicable, the “**Completion Regulatory Approval Condition**” and the Party entering into such Competitive Proposal, a “**Competitive Proposal Party**”) then, in each case, the Competitive Proposal Party shall pay to the other Party an amount, in cash, equal to the applicable Termination Fee. The Termination Fee payable pursuant to this Section 10.4(b) shall be paid no later than the \*\* following the date on which the Completion Regulatory Approval Condition has occurred. Any payment under this Section 10.4(b) shall be made by wire transfer of immediately available funds to an account designated in writing by the Party that is not the Competitive Proposal Party.

(c) In the event that (i) this Agreement is validly terminated by Maple Leaf pursuant to Section 10.1(d), United shall pay to Maple Leaf an amount, in cash, equal to the Termination Fee, or (ii) this Agreement is validly terminated by United pursuant to Section 10.1(e), Maple Leaf shall pay to United an amount, in cash equal to the Termination Fee; *provided*, in each case, that such Termination Fee shall not become payable unless and until United or Maple Leaf, or any of their respective its Affiliates, as applicable, enters into a definitive agreement with respect to, or consummates a, Competitive Proposal within \*\* of the date this Agreement is so terminated (the “**Termination Fee Condition**”). The Termination Fee payable pursuant to this Section 10.4(c) shall be paid no later than the \*\* following the date on which the Termination Fee Condition has occurred. Any payment under this Section 10.4(c) shall be made by wire transfer of immediately available funds to an account designated in writing by Maple Leaf to United, or United to Maple Leaf, as the case may be.

(d) It is the intention of United and Maple Leaf that the payment of any Termination Fee under this Section 10.4 is an elective contractual payment and that such payment is not a payment for breach, provided that in the event that, contrary to such stipulation, any of payments under Sections 10.4(a), 10.4(b) or 10.4(c), as applicable, is treated as a payment for breach it shall be treated as liquidated damages and a genuine pre-estimate of loss.

(e) Subject to Section 12.8 and notwithstanding any other provision of this Agreement to the contrary, each of United and Maple Leaf acknowledges and agrees on behalf of itself and its Affiliates that its receipt of the Termination Fee pursuant to this Section 10.4 shall, except in the case of fraud, willful misconduct or willful concealment, constitute the sole and exclusive remedy under this Agreement of the Party entitled to receive such Termination Fee under this Section 10.4 (the “**Payee Party**”) and each of its Representatives and Affiliates, and the Termination Fee payable under this Section 10.4 shall be deemed to be liquidated damages for any and all losses or damages suffered or incurred by the Payee Party or its Representatives or Affiliates arising out of or in connection with this Agreement, and neither the Payee Party nor any of its Representatives or Affiliates shall be entitled to bring or maintain any Action against the other Party (the “**Payor Party**”) or any of its Representatives or Affiliates arising out of or in connection with this Agreement.



(f) Each of Maple Leaf and United acknowledges and agrees that the agreements contained in this Section 10.4 are an integral part of the Transaction, and that, without these agreements, neither Maple Leaf nor United would have entered into this Agreement; accordingly, if Maple Leaf or United, as the case may be, fails promptly to pay the Termination Fee due pursuant to this Section 10.4, and, in order to obtain such payment, the Payee Party commences litigation that results in an award against the Payor Party for the Termination Fee payable under this Section 10.4, the Payor Party shall pay to the Payee Party its costs and expenses (including reasonable out-of-pocket attorneys' fees and expenses) in connection with such litigation, together with interest on the amount of the applicable fee from the date such payment was required to be made until the date of payment at the prime lending rate as published in *The Wall Street Journal* in effect on the date such payment was required to be made in accordance with this Section 10.4.

ARTICLE 11  
INDEMNIFICATION

11.1 United Indemnification. Subject to Section 11.3, Section 11.4, and the limitations in Exhibit 11.1, United undertakes to fully and effectively indemnify, keep indemnified and hold harmless:

11.1.1 to the extent the Actions or Costs suffered or incurred by an Indemnified Maple Leaf Person are suffered or incurred solely by one or more Indemnified Maple Leaf Persons (other than by reference to any Actions or Costs incurred by any JV Group Company) and not by (or by reference to any Actions or Costs incurred by) any JV Group Company) the relevant Indemnified Maple Leaf Person(s); or

11.1.2 to the extent the Actions or Costs suffered or incurred by an Indemnified Maple Leaf Person are suffered or incurred either solely by a JV Group Company or by both a JV Group Company and by one or more Indemnified Maple Leaf Persons) either (at United's entire discretion):

(i) the relevant Indemnified Maple Leaf Person(s) (but so that, for these purposes, the Actions and Costs of Maple Leaf shall be deemed equal to its Equity Proportion of the Actions and Costs suffered or incurred by the relevant JV Group Company; provided, that (x) where the relevant JV Group Company is not a wholly-owned Subsidiary of JV Newco (with JV Newco's direct or indirect percentage ownership of such JV Group Company being the "**JV Group Ownership Percentage**"), the Actions and Costs of Maple Leaf shall be deemed equal to its Equity Proportion of the JV Group Ownership Percentage of the Actions and Costs suffered or incurred by such JV Group Company; and (y) any Action or Cost suffered or incurred by any JV Group Company in favour of any other JV Group Company or Maple Leaf shall be ignored for these purposes); or

(ii) the relevant JV Group Company;

in each case from and against all Actions and all Costs which any of Maple Leaf, its Affiliates, JV Newco and its Subsidiaries suffered or incurred after Completion or arising out of: \*\*

11.2 Maple Leaf Indemnification. Subject to Section 11.3, Section 11.4, and the limitations in Exhibit 11.2, Maple Leaf undertakes to fully and effectively indemnify, keep indemnified and hold harmless:

11.2.1 to the extent the Actions or Costs suffered or incurred by an Indemnified United Person are suffered or incurred solely by one or more Indemnified United Persons (other than by reference to any Actions or Costs incurred by any JV Group Company) and not by (or by reference to any Actions or Costs incurred by) any JV Group Company) the relevant Indemnified United Person(s); or

11.2.2 to the extent the Actions or Costs suffered or incurred by an Indemnified United Person are suffered or incurred either solely by a JV Group Company or by both a JV Group Company and by one or more Indemnified United Persons) either (at Maple Leaf's entire discretion):

(i) the relevant Indemnified United Person(s) (but so that, for these purposes, the Actions and Costs of United shall be deemed equal to its Equity Proportion of the Actions and Costs suffered or incurred by the relevant JV Group Company; provided that (x) where the relevant JV Group Company is not a wholly-owned Subsidiary of JV Newco, the Actions and Costs of United shall be deemed equal to its Equity Proportion of the JV Group Ownership Percentage of the Actions and Costs suffered or incurred by such JV Group Company; and (y) any Action or Cost suffered or incurred by any JV Group Company in favour of any other JV Group Company or United shall be ignored for these purposes); or

(ii) the relevant JV Group Company;

in each case from and against all Actions and all Costs which any of United, its Affiliates, JV Newco and its Subsidiaries suffered or incurred after Completion or arising out of: \*\*

11.3 Unlawful Conduct. No Party or other Entity for whose benefit any indemnity contained in Sections 11.1 and 11.2 is given shall be able to rely on Section 11.1 or 11.2 (as applicable) in respect of its own illegal or unlawful conduct or act (but, for the avoidance of doubt, the rights of any other Party or Entity in relation to the same illegal or unlawful conduct or act are unaffected).

11.4 No Liability Without Completion. Neither United nor Maple Leaf shall have any liability for any Indemnity Claims if the Completion has not occurred (for whatever reason).

ARTICLE 12  
MISCELLANEOUS

12.1 Certain Definitions. As used in this Agreement, the following terms have the meanings set forth below.

“**1Q2017 Maple Leaf Group Financial Statements**” shall have the meaning set forth in Section 6.6(a).

“**2016 Maple Leaf Group Financial Statements**” shall have the meaning set forth in Section 6.6(a).

“**2018 JV Newco Budget**” shall have the meaning set forth in Section 7.13.

“**Acquired Territory Assets**” shall have the meaning set forth in Section 1.1(c).

“**Action**” means any charge, claim, action, complaint, petition, investigation, appeal, suit, litigation or other similar proceeding initiated or conducted by a mediator, arbitrator or Governmental Authority, whether administrative, civil, regulatory or criminal, and whether at law or in equity, or otherwise under any Applicable Law.

“**Affiliate**” means, with respect to a specified Person, any other Person that directly or indirectly Controls, is Controlled by, or is under common Control with, such specified Person; *provided*, that, for purposes of this Agreement, neither United (or its Affiliates) nor Maple Leaf (or its Affiliates) shall be considered Affiliates of the other or of JV Newco or its Subsidiaries.

“**Agreement**” shall have the meaning set forth in the preamble to the Recitals.

“**Agreement Date**” shall have the meaning set forth in the preamble to the Recitals.

“**Anti-Bribery Laws**” means the United States Foreign Corrupt Practices Act of 1977, Federal Law of the Russian Federation No-115 FZ “On Counteraction against Legalization (Laundering) of the Proceeds of Crime and Financing of Terrorism” dated 7 August 2001, and the UK Bribery Act, each as amended, or any other similar laws, statutes, rules or regulations of any country that govern corruption, bribery, kickbacks, ethical business conduct, fraud, money laundering, racketeering, embezzlement, political contributions, gifts, hospitalities, or expense reimbursements to Government Officials and private persons, representative relationships, commissions, lobbying, accurate accounting, books and records, financial/internal controls, and similar matters, including any anti-bribery and related prohibitions implemented under the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Organization of American States Inter-American Convention Against Corruption, Council of Europe Criminal Law Convention on Corruption, the United Nations Convention Against Corruption, the African Union Convention on Preventing and Combating Corruption, to the extent applicable to any Person.

“**Antitrust Laws**” means the Federal Law of the Russian Federation No. 135-FZ “On Protection of Competition” dated 26 July 2006, as amended, the Hart-Scott-Rodino Antitrust Improvements Act, as amended, the Sherman Antitrust Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, Council Regulation 139/2004 of the European Commission, the Entrepreneurial Code of Kazakhstan, the Law of the Republic of Belarus “On Preventing Monopolistic Activity and Encouraging Competition” No. 94-Z dated 25 December 2013, and any other Applicable Law that is designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization, abuse of dominance, lessening of competition, impeding effective competition, restraint of trade or collusion.

“**Applicable Law**” means with respect to any Person, any foreign, national, federal, state, local, municipal or other law, statute, constitution, resolution, ordinance, code, permit, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Authority and any orders, writs, injunctions, awards, judgments and decrees applicable to such Person or its subsidiaries, their business or any of their respective assets or properties.

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“**Belarus Approval Date**” means the date that is \*\* prior to Completion Date.

“**Belarus Assets**” has the meaning set forth in [Section 7.19\(b\)](#).

“**Belarus Regulatory Approval**” means any and all Consents required to be obtained under the Antitrust Laws in Belarus in connection with the Transaction.

“**Belarus Sale Proceeds**” has the meaning set forth in [Section 7.19\(c\)](#).

“**Belarus Transfer**” has the meaning set forth in [Section 7.19\(b\)](#).

“**Belarus Transfer Documents**” has the meaning set forth in [Section 7.19\(b\)](#).

“**Board**” means, with respect to an Entity, such Entity’s board of directors, board of managers or equivalent governing body.

“**Business**” means the business of facilitating, through a technology application, each of the following: ridesharing, food delivery, and logistics (using the core technology application) and all ancillary and related activity thereto (using the core technology application).

“**Business Day**” means a day (not being a Saturday or Sunday) on which banks are open for general banking business in Moscow (Russian Federation), Amsterdam (Netherlands) and San Francisco (United States).

“**Code**” shall have the meaning set forth in the Recitals.

“**Competitive Proposal**” means any offer or proposal contemplating or otherwise relating to any of the following transactions (other than the Transaction):

(a) with respect to Maple Leaf, any direct or indirect acquisition, in one transaction or a series of transactions, including any merger, consolidation, tender offer, exchange offer, equity acquisition, asset acquisition, binding equity exchange, business combination, recapitalization, liquidation, dissolution, joint venture or similar transaction, of (i) any of the outstanding debt or equity securities of Maple Leaf Taxi Holdco (or any successor thereto, including any Person that then holds, directly or indirectly, \*\* or more of the aggregate fair market value of the consolidated assets of (A) the Maple Leaf Group Companies or (B) the Maple Leaf Business) or (ii) any business or businesses or assets that constitute or represent \*\* or more of the aggregate fair market value of the consolidated assets of (A) the Maple Leaf Group Companies or (B) the Maple Leaf Business;

(b) with respect to United, any direct or indirect acquisition, in one transaction or a series of transactions, including any merger, consolidation, tender offer, exchange offer, equity acquisition, asset acquisition, binding equity exchange, business combination, recapitalization, liquidation, dissolution, joint venture or similar transaction, of (i) any of the outstanding debt or equity securities of any Person that then holds, directly or indirectly, \*\* or more of the aggregate fair market value of the consolidated assets of the United Business) or (ii) any business or businesses or assets that constitute or represent \*\* or more of the aggregate fair market value of the consolidated assets of the United Business; or

(c) with respect to each of Maple Leaf and United, any transaction or other commercial arrangement that is similar to the Transaction or that would reasonably be expected to prevent or materially impede, interfere with, hinder or delay the ability of such Party to perform its obligations under this Agreement or consummate Transaction.

“**Competitive Proposal Party**” shall have the meaning set forth in [Section 10.1\(b\)](#).

“**Completion**” shall have the meaning set forth in [Section 3.1](#).

“**Completion Date**” shall have the meaning set forth in [Section 3.1](#).

“**Completion Regulatory Approvals**” shall have the meaning set forth in [Section 9.1\(a\)](#).

“**Completion Regulatory Approval Condition**” shall have the meaning set forth in [Section 10.4\(b\)](#).

“**Completion Shares**” means the aggregate number of JV Newco Class B Shares to be issued to the Parties in connection with the United Contributions and the Maple Leaf Contributions (which shares shall represent the only shares of capital stock of JV Newco outstanding as of immediately following Completion).

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

“**Consent**” means any consent, approval, waiver, expiration or early termination of waiting period, order, clearance, authorization, release, registration, or confirmation, not subsequently revoked, and which is not conditional upon any further actions or omissions by any (a) Party (unless such Party agrees to those further actions or omissions, acting reasonably), or (b) any United Group Company or Maple Leaf Group Company (unless United and Maple Leaf agree to those further actions or omissions, acting reasonably).

“**Continuing Employee**” means a United Business Employee or a Maple Leaf Business Employee (including any Transferred Employee) who remains or becomes an employee of JV Newco or one of its Subsidiaries following Completion.

“**Contract**” means any legally binding written, oral or other agreement, contract, subcontract, lease, understanding, instrument, note, option, warranty, purchase order, license, sublicense, mortgage, guarantee, purchase order, insurance policy or commitment or undertaking of any nature.

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; *provided* that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the voting of more than \*\* of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of Board of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“**Copyrights**” means copyrights, and any other rights of authors or in works of authorship.

“**Costs**” means reasonable and documented costs, charges and expenses (including those suffered or incurred in investigating, settling or disputing any Action or in establishing or enforcing a right to be indemnified under this Agreement) and including, for the avoidance of doubt, reasonable and documented legal and other professional advisers’, experts’ and consultants’ fees, but excluding any punitive or exemplary damages, unless actually paid to a third party.

“**Current Assets**” means (a) with respect to Maple Leaf, the current assets of the Maple Leaf Business (provided, that current assets shall be limited to the line item current asset accounts set forth on the 1Q2017 Maple Leaf Group Financial Statements) (b) with respect to United, the current assets of the United Business (provided, that current assets shall be limited to the line item current asset accounts set forth on the United Financial Statements); *provided*, in each case, that the (i) line item account for accounts receivable shall be net of allowance for doubtful accounts and other non-recoverable assets and (ii) line item account for other current assets shall be net of non-recoverable assets.

“**Current Liabilities**” means (a) with respect to Maple Leaf, the current liabilities of the Maple Leaf Business (provided, that current liabilities shall be limited to the line item

current liability accounts set forth on the 1Q2017 Maple Leaf Group Financial Statements) set and (b) with respect to United, the current liabilities of the United Business (provided, that current liabilities shall be limited to the line item current asset accounts set forth on the United Financial Statements); *provided*, that with respect to each of United and Maple Leaf (i) any item included in the final calculation of the Current Liabilities of such Party pursuant to [Section 2.8](#) or [Section 2.9](#), as the case may be, shall not be included in the calculation of United Completion Date Indebtedness or United Completion Date Transaction Expenses, on the one hand, or Maple Leaf Completion Date Indebtedness or Maple Leaf Completion Date Transaction Expenses, on the other, as the case may be, and (ii) any item included in United Completion Date Indebtedness or United Completion Date Transaction Expenses on the one hand, or Maple Leaf Completion Date Indebtedness or Maple Leaf Completion Date Transaction Expenses, on the other, shall not be included in the Current Liabilities of United or Maple Leaf, as applicable.

“**D&O Indemnification Agreement**” shall have the meaning set forth in [Section 3.3\(h\)](#).

“**Deed of Covenant**” shall have the meaning set forth in [Section 3.3\(i\)](#).

“**Disclosed**” means fairly disclosed (with sufficient detail to allow a reasonable purchaser to make an informed assessment of the nature and scope of the matters, facts and circumstances disclosed) in a Disclosure Letter and/or a Supplemental Disclosure Letter (as applicable).

“**Disclosing Party**” shall have the meaning set forth in [Section 7.7](#).

“**Disclosure Letters**” means collectively, the Maple Leaf Disclosure Letter and the United Disclosure Letter (and each, as applicable and to the extent consistent with the context, a “**Disclosure Letter**”).

“**Dispute**” shall have the meaning set forth in [Section 12.12](#).

“**Dispute Auditor**” shall have the meaning set forth in [Section 2.5\(e\)](#).

“**EATS Assets**” means all of United’s and its Affiliates’ right, title and interest in and to all of the tangible assets and contractual rights used exclusively in the Food Delivery Business (as such term is defined in Schedule 3 of the Transition Services Agreement) (excluding any Intellectual Property, but including United Eater Data (as such term is defined in Schedule 3 of the Transition Services Agreement)) in the Territories.

“**EBITDA**” means, with respect to each of United and Maple Leaf, earnings before interest, taxes, depreciation and amortization calculated by reducing (a) direct revenues of such Party in the Territories by direct expenses of such Party in the Territories and (b) reasonably allocated corporate expenses & overhead of such Party based on records that are kept by such Party in accordance with U.S. GAAP.

“**electing Party**” shall have the meaning set forth in [Section 10.4\(a\)](#).

“**Eligible Bonus Recipients**” shall have the meaning set forth in [Section 7.16\(b\)\(iii\)\(1\)](#).

“**Employee Benefit Plan**” means any employee benefit plan, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit-sharing, termination, change of control, pension, retirement, redundancy, share option, share purchase, restricted share, deferred compensation, share appreciation, health, welfare, medical, dental, disability, life insurance, retiree medical or life insurance, supplemental retirement, severance, or similar plan, program, loan, guarantee, arrangement, policy or practice, whether written or oral, established by custom and practice or otherwise, funded or unfunded, insured or self-insured, registered or unregistered. An Employee Benefit Plan shall also include any employment, termination, severance, redundancy or other Contract or agreement that separately provides for any similar arrangement listed above.

“**Encumbrance**” means any mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, lien or other security interest (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing) and any contingent or other agreement to provide any of the foregoing, but, for the avoidance of doubt not including any interest of a licensee under a non-exclusive license or any interest of a lessor under a lease that is not a capital lease.

“**Entity**” means any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, proprietorship, company (including any company limited by shares, limited liability company or joint stock company), firm, society, enterprise, association, organization or other entity.

“**Equity Proportions**” means the respective proportions in which the shares in JV Newco are held from time to time by each of United and Maple Leaf.

“**Equity Securities**” means, with respect to any Person that is a legal entity, any and all shares of share capital, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or any Contract providing for the acquisition of any of the foregoing.

“**ERISA**” means the U.S. Employee Retirement Income Security Act of 1974, as amended.

“**FAS**” means the Federal Antimonopoly Service of the Russian Federation, including its territorial divisions (and any relevant successor Governmental Authority).

“**Filing Deadline**” shall have the meaning set forth in [Section 7.9\(b\)\(ii\)](#).

“**Forfeited Award**” shall have the meaning set forth in [Section 7.16\(d\)\(ii\)](#).



“**Foundation**” shall have the meaning set forth in the preamble to the Recitals.

“**Foundation Contribution Shares**” means a number of JV Newco Class A as determined in accordance with [Section 2.2\(b\)](#).

“**Global Roaming Agreement**” shall have the meaning set forth in [Section 3.3\(c\)](#).

“**GMV**” means gross merchandise value.

“**GMV/EBITDA Review Period**” has the meaning set forth in [Section 2.5\(a\)](#).

“**GMV/EBITDA Spreadsheet**” means the Excel file titled “Deal math and GMV EBITDA adjustments vF.xlsx” delivered by Maple Leaf to United by email on July 11, 2017 at 10:59 PM Pacific Time.

“**Government Official**” shall have the meaning set forth in [Section 4.5\(d\)](#).

“**Governmental Authority**” means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) national, federal, state, local, municipal, foreign or other government; (c) governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal); or (d) Entity to whom a Governmental Authority has assigned or delegated any authority or oversight responsibilities.

“**Governmental Authorizations**” means all licenses, permits, certificates and other authorizations and approvals issued by or obtained from a Governmental Authority, either Related to the Business or Related to the Acquired Territory Assets.

“**Immaterial Maple Leaf Related Party Transaction**” shall have the meaning set forth in [Section 7.3\(b\)\(vi\)](#).

“**Immaterial United Related Party Transaction**” shall have the meaning set forth in [Section 7.4\(b\)\(vi\)](#).

“**Immediate Family Member**” means a parent, child, sibling, spouse, or domestic partner of an individual.

“**Incentive Plan**” shall have the meaning set forth in [Section 7.16\(d\)\(i\)](#).

“**Indebtedness**” means, without duplication, with respect to any Person, the outstanding amount of (a) indebtedness for borrowed money, (b) amounts owing as deferred purchase price, contingent payments or earnout payments for the purchase of any property, Intellectual Property, assets or business, (c) indebtedness evidenced by any bond, debenture, note, mortgage, indenture or other debt instrument or debt security, (d) amounts owing under any capitalized or synthetic leases, (e) obligations secured by any Encumbrances, (f) commitments or

obligations to assure a Person against loss (including contingent reimbursement obligations under letters of credit), (g) any amounts owed to related parties that are unpaid as of Completion in accordance with Section 7.15, (h) guarantees with respect to any indebtedness or obligation of a type described in clauses (a) through (g) above of any other Person, of such Person or any of its Subsidiaries, and (i) any non-current liabilities reflected in the United Completion Date Balance Sheet or Maple Leaf Completion Date Balance Sheet, as applicable (excluding deferred taxes and liabilities described in subclauses (a) through (h) above).

“**Indemnified Maple Leaf Person**” means Maple Leaf and any Entity which is on or at any time after the date of this Agreement, an Affiliate of Maple Leaf;

“**Indemnified Person**” (a) in respect of Maple Leaf, means Maple Leaf, any Entity which is on or at any time after the date of this Agreement, an Affiliate of Maple Leaf, JV Newco and its Subsidiaries or (b) in respect of United, means United, any Entity which is on or at any time after the date of this Agreement, an Affiliate of United, JV Newco and its Subsidiaries, as the context may require;

“**Indemnified United Person**” means United and any Entity which is on or at any time after the date of this Agreement, an Affiliate of United;

“**Indemnity Claim**” means either a Maple Leaf Indemnity Claim or a United Indemnity Claim, as the context may require.

“**Intellectual Property**” means Patents, Copyrights, Trade Secrets and all other intellectual property and proprietary rights (other than Trademarks).

“**JDA**” shall have the meaning set forth in [Section 7.9\(d\)](#).

“**JV Group Company**” means any one of JV Newco and its Subsidiaries.

“**JV Group Ownership Percentage**” has the meaning set forth in [Section 11.1.2\(i\)](#).

“**JV Newco**” shall have the meaning set forth in the preamble to the Recitals.

“**JV Newco Benefit Plan**” shall have the meaning set forth in [Section 7.16\(c\)](#).

“**JV Newco Class B Shares**” means the Class B ordinary shares in the capital of JV Newco as defined in the articles of association of JV Newco as in effect immediately prior to Completion.

“**JV Newco Rollover Award**” has the meaning set forth in [Section 7.16\(d\)\(ii\)](#).

“**Kazakhstan Approval Date**” means the date that is \*\* prior to the Completion Date.

“**Kazakhstan Assets**” shall have the meaning set forth in [Section 7.18\(b\)](#).

“**Kazakhstan Regulatory Approval**” means any and all Consents required to be obtained under the Antitrust Laws in Kazakhstan in connection with the Transaction.

“**Kazakhstan Sale Proceeds**” shall have the meaning set forth in [Section 7.18\(c\)](#).

“**Kazakhstan Transfer**” shall have the meaning set forth in [Section 7.18\(b\)](#).

“**Kazakhstan Transfer Documents**” shall have the meaning set forth in [Section 7.18\(b\)](#).

“**Key Maple Leaf Employee Agreement**” shall have the meaning set forth in [Section 9.2\(g\)](#).

“**Key Maple Leaf Employees**” shall have the meaning set forth in [Section 9.2\(g\)](#).

“**Key United Employee**” shall have the meaning set forth in [Section 7.16\(f\)](#).

“**Knowledge**” means (a) with respect to United, the actual knowledge of the individuals listed on [Section 12.1\(a\)](#) of the United Disclosure Letter and (b) with respect to Maple Leaf, the actual knowledge of the individuals listed on [Section 9.2\(g\)](#) of the Maple Leaf Disclosure Letter.

“**Liabilities**” means debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, determined or determinable, known or unknown, including those arising under any law, action or Order and those arising under any Contract.

“**Maple Leaf**” shall have the meaning set forth in the preamble to the Recitals.

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“**Maple Leaf 2015 Spin-Off**” means the corporate reorganisation of Maple Leaf LLC by way of spin-off ( *vydelenie* ) of Maple Leaf.Taxi LLC completed on or around December 2015 and related transactions.

“**Maple Leaf A/R Shortfall**” has the meaning set forth in [Section 2.9\(e\)](#).

“**Maple Leaf A/R Statement**” has the meaning set forth in [Section 2.9\(e\)](#).

“**Maple Leaf Benefit Plan**” has the meaning set forth in [Section 6.14\(c\)](#).

“**Maple Leaf Books and Records**” means all records, papers and instruments that are Related to the Maple Leaf Business, including all operational and customer-related records,

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

accounting and financial records, employment and benefits-related records (including those of the Maple Leaf Business Employees), environmental records and reports, sales records, records relating to suppliers, but excluding any such items to the extent any Applicable Law, including any Antitrust Law, prohibits their sharing or transfer.

“**Maple Leaf Business**” means the Business as conducted by or on behalf of Maple Leaf or any of its Affiliates in the Territories.

“**Maple Leaf Business Employees**” means all current employees, temporary workers, officers, consultants, directors or individual service providers of Maple Leaf and its Subsidiaries who are primarily engaged in the Maple Leaf Business.

“**Maple Leaf Cash Contribution**” means US\$100,000,000.

“**Maple Leaf Claim**” means all and any of a Maple Leaf General Claim or a Maple Leaf Indemnity Claim.

“**Maple Leaf Collected A/R**” has the meaning set forth in [Section 2.9\(e\)](#).

“**Maple Leaf Completion Date A/R**” means the accounts receivable of the Maple Leaf Business outstanding as of the end of the Completion Date but solely to the extent such accounts receivable were actually included as Current Assets in the final calculation of the Maple Leaf Working Capital Adjustment in accordance with [Section 2.9](#)

“**Maple Leaf Completion Date Balance Sheet**” has the meaning set forth in [Section 2.9\(a\)](#).

“**Maple Leaf Completion Date Indebtedness**” means all Indebtedness of the Maple Leaf Group Companies as of immediately prior to Completion; *provided*, that (i) any item included in the final calculation of Maple Leaf Completion Date Indebtedness pursuant to [Section 2.9](#) shall not be included in the calculation of Maple Leaf Completion Date Transaction Expenses or Maple Leaf Working Capital Adjustment (as Current Liabilities) and (ii) any item included in the final calculations of Maple Leaf Working Capital Adjustment (as Current Liabilities) and/or Maple Leaf Completion Date Transaction Expenses pursuant to [Section 2.9](#), as applicable, shall not be included in the calculation of Maple Leaf Completion Date Indebtedness.

“**Maple Leaf Completion Date Statement**” has the meaning set forth in [Section 2.9\(a\)](#).

“**Maple Leaf Completion Date Transaction Expenses**” shall mean, without duplication, \*\*

“**Maple Leaf Contribution Shares**” means a number of JV Newco Class B Shares equal to (a) (i) the Completion Shares *multiplied* by (ii) the Maple Leaf Ownership Percentage *minus* (b) the Foundation Contribution Shares (rounded down to the nearest whole share).

“**Maple Leaf Contributions**” shall have the meaning set forth in [Section 2.2\(a\)](#).

“**Maple Leaf Convertible Loan Agreement**” means the convertible loan agreement for the amount of up to \*\* entered into by and among Maple Leaf as lender and Maple Leaf Holdco as borrower to provide Maple Leaf Holdco with funds for its business activities, dated as of May 18, 2017, as amended from time to time.

“**Maple Leaf Data**” shall have the meaning set forth in [Section 6.16\(g\)](#).

“**Maple Leaf Director**” shall have meaning set forth in the Shareholders Agreement.

“**Maple Leaf Disclosure Letter**” means the letter dated the same date as this Agreement from Maple Leaf to United and JV Newco in relation to the warranties set out in [Article 5](#) and [Article 6](#).

“**Maple Leaf Dispute Notice**” shall have the meaning set forth in [Section 2.6\(e\)](#).

“**Maple Leaf Fundamental Warranties**” means the warranties set forth in [Article 5](#) and [Sections 6.1\(a\)](#), [6.1\(b\)](#), [6.1\(c\)](#), [6.1\(d\)\(1\)](#), [6.1\(d\)\(2\)](#), [6.2](#), [6.4](#), [6.5\(d\)](#) through [6.5\(i\)](#) (inclusive), [6.16\(a\)](#), [6.16\(f\)](#) and [6.17](#).

“**Maple Leaf General Claim**” means a claim against Maple Leaf for breach of any of the warranties set out in [Articles 5](#) or [6](#) (and, for the avoidance of doubt, does not include any Maple Leaf Indemnity Claim).

“**Maple Leaf GMV/EBITDA Statement**” shall have the meaning set forth in [Section 2.8\(a\)](#).

“**Maple Leaf Group Companies**” means Maple Leaf.Taxi Holdco and its Subsidiaries.

“**Maple Leaf Group Financial Statements**” shall have the meaning set forth in [Section 6.6\(a\)](#).

“**Maple Leaf Group Statement Date**” shall have the meaning set forth in [Section 6.6\(a\)](#).

“**Maple Leaf IT Systems**” shall have the meaning set forth in [Section 6.16\(g\)](#).

“**Maple Leaf Lease**” shall have the meaning set forth in [Section 6.10\(b\)](#).

“**Maple Leaf LLC**” means Maple Leaf LLC, a limited liability company registered under the laws of the Russian Federation under main registration number 1027700229193.

“**Maple Leaf Material Contract**” means, collectively, each Contract to which any Maple Leaf Group Company or any of their respective properties or assets is a party to or bound by that:

- (a) involves obligations (contingent or otherwise) of or to, or payments by or to, any Maple Leaf Group Company in excess of \*\* in any calendar year;
- (b) involves Intellectual Property that is required to be disclosed under Section 6.15(e) of the Maple Leaf Disclosure Letter;
- (c) materially restricts the ability of the Maple Leaf Business to compete or to conduct or engage in any business or activity or in any territory;
- (d) relates to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any securities of any Maple Leaf Group Company;
- (e) involves (i) any provisions providing for exclusivity, “most favored nations”, rights of first refusal or first negotiation or similar rights, or (ii) grants a power of attorney, agency or similar authority to enter into a transaction or bind any Maple Leaf Group Company otherwise for an amount in excess of \*\*;
- (f) is with a Maple Leaf Related Party other than a Maple Leaf Group Company (other than those employment agreements, confidentiality agreements, non-competition agreements or any other agreement of similar nature entered into in the Ordinary Course with employees or technical consultants), including agreements with Maple Leaf for (i) Maple Leaf maps or location-based services (including any proprietary application program interfaces, features or data), (ii) advertising on Maple Leaf Search, or (iii) Maple Leaf’s cloud services with an amount higher than \*\*;
- (g) involves Indebtedness, an extension of credit, a guaranty, surety or assumption of any obligation or any secondary or contingent Liabilities, deed of trust, or the grant of an Encumbrance, with an amount higher than \*\*;
- (h) involves the lease, license, sale, use, disposition or acquisition of a business involving payment in excess of \*\*;
- (i) involves the waiver, compromise, or settlement of any dispute, claim, litigation or arbitration with a claim amount higher than \*\*;
- (j) involves the ownership or lease of, title to, use of, or any leasehold or other interest in, any real or personal property (except for personal property leases in the Ordinary Course and involving payments of less than \*\*, including the Maple Leaf Leases);
- (k) involves the establishment, contribution to, or operation of a partnership, joint venture, alliance or similar entity, or involving a sharing of profits or losses (including joint development and joint marketing Contracts), or any investment in,

loan to or acquisition or sale of the securities, equity interests or assets of any Person, involving payment of more than \*\*;

- (l) is with a Governmental Authority, state-owned enterprise, or sole-source supplier of any material product or service (other than utilities);
- (m) is a Maple Leaf Benefit Plan, or a collective bargaining agreement or is with any labor union or other representatives of the employees;
- (n) is a brokerage or finder's agreement involving payment of an amount higher than \*\*;
- (o) is an OEM agreement (including OEM partnership agreements) relating to the Business;
- (p) any Contract relating to car-park/fleet-park arrangements or arrangements with fleet partners (including fleet management companies) with annual expenditure or revenue over \*\*;
- (q) is a material sales agency, marketing or distributorship Contract with annual expenditure or revenue over \*\*; or
- (r) is otherwise material to the Maple Leaf Business, as a whole, any of the Maple Leaf Group Companies, as a whole, or is one on which any Maple Leaf Group Company is substantially dependent in order to operate its business in the Ordinary Course.

“**Maple Leaf Owned IP**” means (A) all Intellectual Property; (i) used in or related to the Maple Leaf Business and (ii) owned by any Maple Leaf Group Company; and (B) the Residual Assets.

“**Maple Leaf Ownership Percentage**” means 64.535 % (or, such other percentage as determined in accordance with the definition of United Cash Contribution and/or the terms of Section 2.5 and Section 2.6, as applicable).

“**Maple Leaf Post-Completion Adjustment Amount**” shall have the meaning set forth in Section 2.9(c).

“**Maple Leaf Pre-Completion Restructuring**” shall have the meaning set forth in Section 1.3.

“**Maple Leaf Registered IP**” means Intellectual Property throughout the world for which registrations are owned by or held in the name of, or for which applications have been made in the name of, any Maple Leaf Group Company.

“**Maple Leaf Related Party**” means Maple Leaf and its respective former and current general or limited partners, shareholders, managers, members, directors, officers, employees and Affiliates.

“**Maple Leaf Related Party Transactions**” and “**Maple Leaf Related Party Transaction**” shall each have the meaning set forth in [Section 6.12](#).

“**Maple Leaf Required Governmental Authorizations**” shall have the meaning set forth in [Section 6.5\(b\)](#).

“**Maple Leaf Shareholders**” shall have the meaning set forth in the preamble to the Recitals.

“**Maple Leaf Supplemental Disclosure Letter**” means the letter dated on or before the Completion Date from Maple Leaf to United and JV Newco in relation to the warranties set out in [Article 5](#) and [Article 6](#), which are deemed repeated at Completion, and relating solely to matters, facts and circumstances first arising after the Agreement Date.

“**Maple Leaf.Taxi Holdco**” shall have the meaning set forth in the Recitals.

“**Maple Leaf.Taxi B.V.**” means Yandex.Taxi B.V., a private company incorporated under the laws of the Netherlands (registered with the trade register of the Chamber of Commerce under number 64591069).

“**Maple Leaf.Taxi Kazakhstan LLP**” means Yandex.Taxi Kazakhstan LLP, a limited liability partnership registered under the laws of the Republic of Kazakhstan (registered with the Justice Division of Almalinskiy district of Almaty Justice Department, business identification number 161240022428).

“**Maple Leaf.Taxi Technology LLC**” means Yandex.Taxi Technology LLC, a limited liability company registered under the laws of the Russian Federation (under main registration number 1177746073328).

“**Maple Leaf.Taxi LLC**” means Yandex.Taxi LLC, a limited liability company registered under the laws of the Russian Federation (under main registration number 5157746192731).

“**Maple Leaf Working Capital Adjustment**” \*\*

“**Maps Integration**” shall have the meaning set forth in [Section 9.2\(h\)](#).

“**Material Adverse Effect**” means, with respect to each of the Maple Leaf Business and the United Business, as applicable, any event, change, effect, condition or circumstance (each, an “**Effect**”) that either individually or in the aggregate with other Effects would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of such Business, taken as a whole; *provided, however*, that, in no event shall any of the following, alone or in combination, be deemed to constitute, nor shall



any of the following be taken into account in determining whether there has occurred, a Material Adverse Effect: (a) Effects resulting from conditions generally affecting the industries in which such Business operates or the national or global economy or capital markets; (b) Effects resulting from earthquakes, acts of war, armed hostilities or terrorism or any material escalation thereof; (c) any failure to meet internal or published third party projections, estimates or forecasts, *provided, that*, such exclusion shall not apply to any underlying Effect that may have caused such failure; (d) Effects resulting from compliance with the terms of, or the taking of any action required by, this Agreement; (e) Effects resulting from the public announcement of this Agreement or the Transaction; (f) changes in Applicable Law, regulatory conditions or applicable accounting principles or (g) Effects resulting from any action taken by United or Maple Leaf, as applicable, that is expressly required by the terms of this Agreement; except, in the case of clauses (a), (b) or (f) of this definition, to the extent that such Effect or changes has a materially disproportionate effect on such Business, taken as a whole, relative to other businesses engaged in the Territories in the same or substantially similar industries in which such Business operates.

“**MLU Foundation**” shall have the meaning set forth in [Section 7.17\(a\)](#).

“**Mutual NDA**” shall have the meaning set forth in [Section 7.8](#).

“**Negotiation Period**” shall have the meaning set forth in [Section 12.12](#).

“**New Territory**” shall have the meaning set forth in [Section 7.3\(b\)\(xiii\)](#).

“**Nominee Supervisory Directors**” and “**Nominee Supervisory Director**” shall have the meaning set forth in the Shareholders Agreement.

“**Non-Disclosing Party**” shall have the meaning set forth in [Section 7.7](#).

“**non-electing Party**” shall have the meaning set forth in [Section 10.4\(a\)](#).

“**Notarial Deed**” means the notarial deed as prepared by NautaDutilh N.V., a draft of which is attached hereto in [Exhibit 12.1\(a\)\(i\)](#) by which the United Contributions and Maple Leaf Contributions are contributed to JV Newco in exchange for the issuance of the United Contribution Shares, Maple Leaf Contribution Shares and Foundation Contribution Shares to United, Maple Leaf and Foundation respectively.

“**Notarial Deed of Transfer**” means the notarial deed as prepared by NautaDutilh N.V., a draft of which is attached hereto in [Exhibit 12.1\(a\)\(ii\)](#) by which United shall receive, contemporaneously with Completion, a number of JV Newco Class B Shares equal to 2% of the aggregate number of United Contribution Shares and the Maple Leaf Contribution Shares from Maple Leaf in accordance with the terms of the Share Exchange Agreement.

“**Notary**” means any civil law notary of Van Doorne N.V. and any of each deputies.

“**Notary Letter**” means the detailed letter of instruction to the Notary on terms setting out the funds flow at Completion (substantially in conformity with the draft as appended in [Exhibit 12.1\(a\)](#) [\(iii\)](#) to this Agreement).

“**Order**” means any award, decision, injunction, judgment, decree, settlement, order, process, ruling, subpoena or verdict (whether temporary, preliminary or permanent) entered, issued, made or rendered by any court, administrative agency, arbitrator, Governmental Authority or other tribunal of competent jurisdiction.

“**Ordinary Commercial Agreement**” means any Contract, such as a loan or a lease, entered into in the Ordinary Course no significant purpose of which is related to Taxes.

“**Ordinary Course**” means, with respect to any Entity, the operations of such Entity in the ordinary course of business materially consistent with past practice.

“**Organizational Documents**” means with respect to any Person, such Person’s articles or certificate of association, incorporation, formation or organization, by-laws, limited liability company agreement, partnership agreement or other constituent document or documents, each in its currently effective form as amended, restated and/or otherwise modified from time to time.

“**Original EBITDA Delta**” means an amount, which may be positive or negative, equal to (a) the \*\* (as set forth on [Section 2.6\(d\)](#) of the Maple Leaf Disclosure Letter) *minus* (b) the \*\* (as set forth on [Section 2.6\(d\)](#) of the United Disclosure Letter).

“**Outside Date**” shall have the meaning set forth in [Section 10.1\(b\)](#).

“**Parties**” shall have the meaning set forth in the preamble to the Recitals.

“**Patents**” means patents, including utility models, industrial designs and design patents, and applications therefor (and any patents that issue as a result of those patent applications), and including all divisionals, continuations, continuations-in-part, continuing prosecution applications, substitutions, reissues, re-examinations, renewals, provisionals and extensions thereof, and any counterparts worldwide claiming priority therefrom, and all rights in and to any of the foregoing.

“**Payee Party**” shall have the meaning set forth in [Section 10.4\(e\)](#).

“**Payor Party**” shall have the meaning set forth in [Section 10.4\(e\)](#).

“**Permitted Encumbrances**” means: (a) statutory liens for Taxes (and assessments and other governmental charges) that are not yet due and payable or due but not delinquent or otherwise in the process of being contested in good faith by appropriate proceedings and for which adequate reserves have been established under U.S. GAAP; (b) statutory or common law liens to secure obligations to landlords, lessors or renters under leases or rental agreements; (c) deposits or pledges made in connection with, or to secure payment of, workers’ compensation, unemployment insurance or similar programs mandated by Applicable

Law; (d) statutory liens in favor of carriers, warehousemen, repairmen, mechanics, landlords and materialmen, to secure claims for labor, materials or supplies and other like liens; (e) easements, permits, licenses, rights-of-way, restrictive covenants, reservations or encroachments or irregularities in, and other similar exceptions to title and any conditions with respect to real property that would be disclosed by a physical inspection of the property or a current survey or title report or other public record, in each case that do not have a material adverse effect on the value, transferability or current use of the underlying asset; (f) pledges or deposits to secure the performance of statutory obligations, surety and appeal, bonds, bids, leases, government contracts and similar obligations in each case in the Ordinary Course; and (g) municipal by-laws, development restrictions or regulations, facility cost sharing and servicing contracts and zoning, building or planning restrictions or regulations.

“ **Person** ” means any individual, Entity or Governmental Authority.

“ **Personal Data Laws** ” means any foreign, national, federal, state, local, municipal or other law, statute, constitution, resolution, ordinance, code, permit, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Authority and any orders, writs, injunctions, awards, judgments and decrees related to collection, use, retention, storage, security, transfer, disposal, disclosure or other processing of PII in any of the Territories.

“ **PII** ” shall have the meaning set forth in [Section 4.16\(d\)](#).

“ **Post-Completion Retention Bonus** ” shall have the meaning set forth in [Section 7.4\(b\)\(ix\)](#) of the United Disclosure Letter.

“ **Pre-Completion Foundation Reorganization** ” shall have the meaning set forth in [Section 7.17\(b\)](#).

“ **Pre-Completion Period** ” shall have the meaning set forth in [Section 7.2](#).

“ **Pre-Completion Tax Period** ” means any Tax period ending on or before the Completion Date and the portion of any Straddle Period that ends on and includes the Completion Date.

“ **Pre-Completion Taxes** ” means (a) any and all Taxes for any Pre-Completion Tax Period (or portion thereof), (b) any Taxes of any member of a consolidated, unitary, combined, aggregate or similar group of which a Transferred Entity (or any predecessor of a Transferred Entity) is or was a member on or prior to the Completion Date, including any liability of the Transferred Entity for Taxes of any Person under any federal, state, provincial or local Applicable Law relating to liability for members of a consolidated, unitary, combined, aggregate or similar group (including pursuant to U.S. Treasury Regulations Section 1.1502-6 and corresponding provisions of any federal, state, provincial or local Applicable Law), (c) any Tax liability borne by a Transferred Entity under a Tax sharing, Tax indemnity, Tax allocation or similar agreement entered into on or before Completion (other than this Agreement or the Shareholders’ Agreement), (d) any loss or reduction of a right to repayment or decrease of Tax that has been shown as an asset or part of an asset in the Maple Leaf Completion Date Balance

Sheet or the United Completion Date Balance Sheet, in either which case the amount of the Tax liability will be the amount of such repayment or decrease that is lost or reduced and any related payment of interest, fine, penalty or similar payment, and (e) any Tax liability as a transferee or successor, pursuant to any contractual obligation, or otherwise by operation of Applicable Law, in each case as a result of any event or transaction occurring prior to Completion, *provided* that Pre-Completion Taxes shall not include any Tax liability in respect of which provision or reserve has been made in the Maple Leaf Completion Date Balance Sheet with respect to any liability of Maple Leaf, its Affiliates, JV Newco and its Subsidiaries under this Agreement or the United Completion Date Balance Sheet with respect to any liability of United, its Affiliates, JV Newco and its Subsidiaries under this Agreement (to the extent taken into account in the calculation of the Maple Leaf Working Capital Adjustment or the United Working Capital Adjustment, as relevant, as finally determined pursuant to [Section 2.9](#) or [Section 2.8](#)).

“**Prohibited Person**” means any Person that is (a) a national or resident of any country or territory that is the subject of an embargo by the U.S. Government or that is designated as a state sponsor of terrorism by the U.S. Government, (b) included on the United States Commerce Department’s Denied Parties List, Entity List, and Unverified Lists; the U.S. Department of Treasury’s Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List, or Sectoral Sanctions Identification List, or the Annex to Executive Order No. 13224; the Department of State’s List of Statutorily Debarred Parties; UN Sanctions; or (c) a Person with whom business transactions, including exports and imports, are restricted by a U.S. Governmental Authority, including, in each clause above, any updates or revisions to the foregoing and any newly published rules; (d) a Person who is the subject of laws or regulations relating to economic or financial sanctions or trade embargoes or related restrictive measures imposed, administered or enforced from time to time by the European Union; or (e) a Person that is listed on, or owned or controlled by, or acting on behalf of, a person listed on the Consolidated List of Financial Sanctions Targets maintained by Her Majesty’s Treasury, or any other list issued or maintained by the European Union of persons subject to sanctions (including investment or related restrictions), each as amended, supplemented or substituted from time to time.

“**Proposed Transferred Employee**” shall have the meaning set forth in [Section 7.16\(a\)\(i\)](#).

“**Prorated Annual Bonus**” shall have the meaning set forth in [Section 7.16\(b\)\(iii\)\(2\)](#).

“**Prorated Annual Bonus Schedule**” shall have the meaning set forth in [Section 7.16\(b\)\(iii\)\(2\)](#).

“**Related to the Acquired Territory Assets**” means exclusively related to, or used exclusively in connection with, the Acquired Territory Assets.

“**Related to the Business**” means (a) with respect to Maple Leaf, exclusively related to, or used exclusively in connection with, the Maple Leaf Business, and (b) with respect to United, exclusively related to, or used exclusively in connection with, the United Business

“**Representative**” means with respect to any Person, any officer, manager, director, employee, agent, attorney, accountant or advisor of such Person.

“**Required Regulatory Approvals**” shall have the meaning set forth in [Section 4.1\(d\)\(i\)](#).

“**Residual Assets**” shall have the meaning set forth in [Section 3.4\(d\)](#).

“**Restricted China Business**” shall have the meaning set forth in [Section 6.5\(i\)](#).

“**Retention Bonus Schedule**” shall have the meaning set forth in [Section 7.16\(b\)\(iii\)\(1\)](#).

“**Retention Date**” shall have the meaning set forth in [Section 7.4\(b\)\(ix\)](#) of the United Disclosure Letter.

“**Revised EBITDA Delta**” means an amount, which may be positive or negative, equal to (a) the \*\* (as finally determined pursuant to [Section 2.6](#)) minus (b) the \*\* (as finally determined pursuant to [Section 2.5](#)).

“**Ros.Taxi Deferred Consideration**” means the amount of \*\* payable by Maple Leaf (or any successor, assignee or transferee thereof as the case may be) from time to time to Messrs. Prudnikovs pursuant to the Equity Compensation Agreement dated 27 January 2015 (as amended or otherwise modified from time to time) between Yandex N.V., Mr. Roman Yuryevitch Prudnikov and Mr. Artem Prudnikov. “**Rules**” shall have the meaning set forth in [Section 12.12](#).

“**Russian Regulatory Approval**” means any and all Consents required to be obtained under the Antitrust Laws in Russia in connection with the Transaction.

“**Schedule 2.2(b)**” shall have the meaning set forth in [Section 7.17\(d\)](#).

“**Senior Executives**” shall have the meaning set forth in [Section 7.3\(b\)\(xvi\)](#).

“**Share Exchange Agreement**” shall have the meaning set forth in [Section 3.3\(g\)](#).

“**Share Exchange Condition**” shall have the meaning set forth in [Section 9.2\(e\)](#).

“**Shareholders Agreement**” shall have the meaning set forth in [Section 3.3\(a\)](#).

“**Software License Amendment Agreement**” shall have the meaning set forth in [Section 3.3\(e\)](#).

“**Straddle Period**” means any Tax period that includes (but does not end on) the Completion Date.

“**Strategic Entity**” means an Entity incorporated in Russia and engaged in one or more activities considered to be of strategic importance for the national defence and national security as listed in article 6 of the Strategic Law.

“**Strategic Law**” means Federal Law of the Russian Federation No. 57-FZ dated 29 April 2008 “On procedures for making foreign investments into companies having strategic importance for the national defense and national security” (as amended from time to time).

“**Subsidiary**” means, with respect to a particular Entity (the “**Parent**”), a corporation or other business Entity: (a) in which the Parent owns (directly or indirectly, beneficially or of record) at least a \*\* equity, beneficial or financial interest; or (b) in which the Parent owns (directly or indirectly, beneficially or of record) an amount of voting securities of other interests in such Entity that is sufficient to enable the Parent to elect at least a majority of the members of such Entity’s Board.

“**Summary Procedure**” shall have the meaning set forth in [Section 12.12\(c\)](#).

“**Supplemental Disclosure Letters**” means collectively, the Maple Leaf Supplemental Disclosure Letter and the United Supplemental Disclosure Letter (and each, as applicable and to the extent consistent with the context, a “**Disclosure Letter**”).

“**Tax**” (and, with correlative meaning, “**Taxes**”) means (a) any net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, value added tax, ad valorem, transfer, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, escheat, unemployment, municipal tax, municipal surcharge premium, property, environmental or windfall profit tax, capital, capital stock, custom duty or other tax, social security (or similar) contributions, governmental fee or other like assessment, tax, duty, fee, contribution or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax in any jurisdiction, (b) any liability for the payment of any amounts of the type described in clause (a) of this sentence as a result of being a member of an affiliated, consolidated, combined, unitary or aggregate group for any taxable period, and (c) any liability for the payment of any amounts of the type described in clause (a) or (b) of this sentence as a result of being a transferee of or successor to any Person or as a result of any express or implied obligation to indemnify any other Person.

“**Tax Authority**” means any Governmental Authority responsible for the imposition, administration, assessment, and/or collection of any Tax.

“**Tax Return**” means any return, statement, report, tax filing or form (including estimated Tax returns and reports, withholding Tax returns and reports, any schedule or attachment, and information returns and reports) of the Companies or their Subsidiaries required to be filed with respect to Taxes.

“**Technology**” means any or all of the following and any tangible embodiments thereof: (a) works of authorship, including computer programs, whether in source code or in

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executable code form, application programming interfaces, software architecture, and any associated documentation, (b) inventions (whether or not patentable), discoveries and improvements, and any associated lab notebooks or other indicia or records of invention; (c) proprietary and confidential information, Trade Secrets, (d) databases, data compilations and collections and technical data and performance data, (e) logos, trade names, trade dress, trademarks and service marks, (f) domain names, web addresses and sites, (g) methods and processes, (h) devices, prototypes, data bases, designs and schematics, including for any products, and (i) any other tangible embodiments of Intellectual Property.

“**Termination Fee**” means, (a) if such fee is payable by Maple Leaf to United in accordance with [Section 10.4](#), \*\*, and (b) if such fee is payable by United to Maple Leaf in accordance with [Section 10.4](#), \*\*.

“**Termination Fee Condition**” shall have the meaning set forth in [Section 10.4\(c\)](#).

“**Territories**” means Russia, Belarus, Moldova, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan; *provided*, that (a) in the event that the Kazakhstan Regulatory Approval is not obtained on or before the Kazakhstan Approval Date, Kazakhstan shall not be included in the term “**Territories**” for all purposes under this Agreement relating to United unless and until the Kazakhstan Transfer is completed following Completion pursuant to [Section 7.18](#), after which the term “**Territories**” shall as it relates to United automatically be deemed to include Kazakhstan from and after the date of completion of the Kazakhstan Transfer; and (b) in the event that the Belarus Regulatory Approval is not obtained on or before the Belarus Approval Date, Belarus shall not be included in the term “**Territories**” for all purposes under this Agreement relating to United unless and until the Belarus Transfer is completed following Completion pursuant to [Section 7.19](#), after which the term “**Territories**” as it relates to United shall automatically be deemed to include Belarus from and after the date of completion of the Belarus Transfer.

“**Third Party**” shall have the meaning set forth in [Section 12.11\(a\)](#).

“**Third Party Belarus Sale**” has the meaning set forth in [Section 7.19\(c\)](#).

“**Third Party Kazakhstan Sale**” shall have the meaning set forth in [Section 7.18\(c\)](#).

“**Trade Secrets**” means trade and industrial secrets, confidential or proprietary information and any know how.

“**Trademarks**” means trade names, logos, trademarks, service marks, service names, trade dress, company names, collective membership marks, certification marks, slogans, toll-free numbers, social media pages, hash tags and other forms indicia of origin, whether or not registerable as a trademark in any given country, together with registrations and applications therefor, and the goodwill associated with any of the foregoing.

“**Trademark License Amendment Agreement**” shall have the meaning set forth in Section 3.3(f).

“**Transaction**” shall have the meaning set forth in the Recitals.

“**Transaction Agreements**” means, collectively, this Agreement, the Shareholders Agreement, the Transition Services Agreement, the Global Roaming Agreement, the Software License Amendment Agreement, the Trademark License Amendment Agreement, the Share Exchange Agreement, the D&O Indemnification Agreements, the Deed of Covenant, the United Trademark Licensing Agreement, the United Disclosure Letter, the United Supplemental Disclosure Letter (as applicable), the Maple Leaf Disclosure Letter, the Maple Leaf Supplemental Disclosure Letter (as applicable), the Notarial Deed, the Notarial Deed of Transfer, the Notary Letter and all other documents and certificates required to be executed by the Parties pursuant to this Agreement and/or effect the Transaction.

“**Transfer Taxes**” shall have the meaning set forth in Section 8.1(d).

“**Transferred Employee**” shall have the meaning set forth in Section 7.16(a)(i).

“**Transferred Entity**” means, as the context requires, United Holdco, each of the United Group Companies, Maple Leaf.Taxi Holdco or any of its Subsidiaries.

“**Transition Services Agreement**” shall have the meaning set forth in Section 3.3(b).

“**United**” shall have the meaning set forth in the preamble to the Recitals.

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“**United A/R Shortfall**” has the meaning set forth in Section 2.8(e).

“**United A/R Statement**” has the meaning set forth in Section 2.8(e).

“**United Assigned Territory Contracts**” shall have the meaning set forth in Section 1.2.

“**United Assumed Contract Liabilities**” shall have the meaning set forth in Section 1.2.

“**United B.V.**” means Uber B.V.

“**United Belarus**” means Uber Systems Bel LLC.



“**United Belarus Contracts**” has the meaning set forth in [Section 7.19\(b\)](#).

“**United Benefit Plans**” has the meaning set forth in [Section 4.14\(e\)](#).

“**United Books and Records**” means all records, papers and instruments that are Related to the United Business, including all operational and customer-related records, accounting and financial records, employment and benefits-related records (including those of the United Business Employees), environmental records and reports, sales records, records relating to suppliers, but excluding any such items to the extent any Applicable Law, including any Antitrust Law, prohibits their sharing or transfer.

“**United Business**” means the Business, as conducted as of the Agreement Date, by or on behalf of United or any of the United Group Companies in the Territories.

“**United Business Employees**” means all current employees, temporary workers, officers, consultants, directors and individual service providers of United and its Affiliates who are primarily engaged in the United Business.

“**United Cash Contribution**” means US\$225,000,000 or, if United notifies Maple Leaf in writing at least \*\* prior to Completion, US\$250,000,000, in which case the amount of US\$250,000,000 shall be inputted into CELL C31 of the “Cash contribution” Tab in the GMV/EBITDA Spreadsheet in order to update the calculation of the United Ownership Percentage and the Maple Leaf Ownership Percentage.

“**United Claim**” means all and any of a United General Claim or a United Indemnity Claim.

“**United Collected A/R**” has the meaning set forth in [Section 2.8\(e\)](#).

“**United Completion Date A/R**” means the accounts receivable of the United Business outstanding as of the end of the Completion Date but solely to the extent such accounts receivable were actually included as Current Assets in the final calculation of the United Working Capital Adjustment in accordance with [Section 2.8](#).

“**United Completion Date Balance Sheet**” has the meaning set forth in [Section 2.8\(a\)](#).

“**United Completion Date Indebtedness**” means all Indebtedness of the United Group Companies as of immediately prior to Completion; *provided*, that (i) any item included in the final calculation of United Completion Date Indebtedness pursuant to [Section 2.8](#) shall not be included in the calculation of United Completion Date Transaction Expenses or United Working Capital Adjustment (as Current Liabilities) and (ii) any item included in the final calculations of United Working Capital Adjustment (as Current Liabilities) and/or United Completion Date Transaction Expenses pursuant to [Section 2.8](#), as applicable, shall not be included in the calculation of United Completion Date Indebtedness.

“**United Completion Date Statement**” has the meaning set forth in [Section 2.8\(a\)](#).

“**United Completion Date Transaction Expenses**” shall mean, without duplication, \*\*

“**United Contribution Shares**” means a number of JV Newco Class B Shares equal to (a) the Completion Shares *multiplied by* (b) the United Ownership Percentage (rounded down to the nearest whole share).

“**United Contributions**” shall have the meaning set forth in [Section 2.1\(a\)](#).

“**United Data**” means the United Rider Data and the United Driver Data.

“**United Director**” shall have the meaning set forth in the Shareholders Agreement.

“**United Disclosure Letter**” means the letter dated the same date as this Agreement from United to Maple Leaf and JV Newco in relation to the warranties set out in [Article 4](#).

“**United Dispute Notice**” shall have the meaning set forth in [Section 2.5\(e\)](#).

“**United Driver Data**” means, with respect to individuals who have registered to use United’s proprietary driver partner application in the Territory, all profile data (e.g., name, photo, contact information), driver screening data (to the extent in United’s possession), PII (to the extent in United’s possession), trip data (e.g., trip history), and related transaction data, including the schema of such data that is collected or obtained by United as of Closing from the Territory, but excluding aggregate data and analytics derived from any of the foregoing categories of data.

“**United Financial Statements**” shall have the meaning set forth in [Section 4.6\(a\)](#).

“**United Fundamental Warranties**” means the warranties set forth in [Sections 4.1\(a\)](#), [4.1\(b\)](#), [4.1\(c\)](#), [4.1\(d\)\(1\)](#), [4.1\(d\)\(2\)](#), [4.2](#), [4.4](#), [4.5\(d\)](#) through [4.5\(i\)](#) (inclusive), [4.16\(a\)](#) and [4.17](#).

“**United General Claim**” means a claim against United for breach of any of the warranties set out in [Article 4](#) (and, for the avoidance of doubt, does not include any United Indemnity Claim).

“**United GMV/EBITDA Statement**” shall have the meaning set forth in [Section 2.8\(a\)](#).

“**United Group Companies**” means (a) prior to consummation of the United Pre-Completion Restructuring, the United Territory Companies, and (b) following consummation of the United Pre-Completion Restructuring, United Holdco and its Subsidiaries.

“**United Holdco**” shall have the meaning set forth in the Recitals.

“**United Indemnity Claim**” means a claim against United pursuant to any of the provisions of [Section 11.1](#).

“**United IT Systems**” shall have the meaning set forth in [Section 4.16\(d\)](#).

“**United Kazakhstan**” means United Kazakhstan LLP;

“**United Kazakhstan Contracts**” shall have the meaning set forth in [Section 7.18\(b\)](#).

“**United Lease**” shall have the meaning set forth in [Section 4.10\(b\)](#).

“**United Material Assigned Territory Contracts**” shall have the meaning set forth in [Section 4.8\(a\)](#).

“**United Material Contract**” means, collectively, each Contract to which any United Group Company or any of their respective properties or assets is a party to or bound by that:

- (a) involves obligations (contingent or otherwise) of or to, or payments by or to, any United Group Company in excess of \*\* in any calendar year;
- (b) materially restricts the ability of the United Business to compete or to conduct or engage in any business or activity or in any territory;
- (c) relates to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any securities of any United Group Company;
- (d) involves (i) any provisions providing for exclusivity, “change in control”, “most favored nations”, rights of first refusal or first negotiation or similar rights, or (ii) grants a power of attorney, agency or similar authority to enter into a transaction or bind any United Group Company otherwise for an amount in excess of \*\*;
- (e) is with a United Related Party other than a United Group Company (other than those employment agreements, confidentiality agreements, non-competition agreements or any other agreement of similar nature entered into in the Ordinary Course with employees or technical consultants) with an amount higher than \*\*;
- (f) involves Indebtedness, an extension of credit, a guaranty, surety or assumption of any obligation or any secondary or contingent Liabilities, deed of trust, or the grant of an Encumbrance, with an amount higher than \*\*;

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- (g) involves the lease, license, sale, use, disposition or acquisition of a business involving payment in excess of \*\*;
- (h) involves the waiver, compromise, or settlement of any dispute, claim, litigation or arbitration with a claim amount higher than \*\*;
- (i) involves the ownership or lease of, title to, use of, or any leasehold or other interest in, any real or personal property (except for personal property leases in the Ordinary Course and involving payments of less than \*\*), including the United Leases);
- (j) involves the establishment, contribution to, or operation of a partnership, joint venture, alliance or similar entity, or involving a sharing of profits or losses (including joint development and joint marketing Contracts), or any investment in, loan to or acquisition or sale of the securities, equity interests or assets of any Person, involving payment of more than \*\*;
- (k) is with a Governmental Authority, state-owned enterprise, or sole-source supplier of any material product or service (other than utilities);
- (l) is a United Benefit Plan, or a collective bargaining agreement or is with any labor union or other representatives of the employees;
- (m) is a brokerage or finder's agreement involving payment of an amount higher than \*\*;
- (n) is an OEM agreement (including OEM partnership agreements) relating to the United Business;
- (o) any Contract relating to car-park/fleet-park arrangements or agreements with fleet partners (including fleet management companies) valued at over \*\*;
- (p) is a material sales agency, marketing or distributorship Contract valued at over \*\*; or
- (q) is otherwise material to the United Business, as a whole, any of the United Group Companies, as a whole, or is one on which any United Group Company is substantially dependent in order to operate its business in the Ordinary Course.

“**United Ownership Percentage**” means 35.465 % (or, such other percentage as determined in accordance with the definition of United Cash Contribution and/or the terms of [Section 2.5](#) and [Section 2.6](#), as applicable).

“**United Parent**” shall have the meaning set forth in the recitals.

“ **United Post-Completion Adjustment Amount** ” shall have the meaning set forth in Section 2.8(c).

“ **United Pre-Completion Restructuring** ” shall have the meaning set forth in Section 1.1(b).

“ **United Pro Forma Statements** ” shall have the meaning set forth in Section 2.5.

“ **United Related Party** ” means United and its respective former and current general or limited partners, shareholders, managers, members, directors, officers, employees and Affiliates.

“ **United Related Party Transactions** ” and “ **United Related Party Transaction** ” shall each have the meaning set forth in Section 4.12.

“ **United Required Governmental Authorizations** ” shall have the meaning set forth in Section 4.5(b).

“ **United Rider Data** ” means, with respect to individuals that have registered to use United’s proprietary ridesharing application to request ridesharing services in the Territories using a mobile phone number originating in the Territory as the account mobile number, all profile data (e.g., name, photo, payment methods, PII (to the extent in United’s possession), trip data (e.g., trip history), customer service data, and related transaction data, including trip data and transaction data related to trips by such individuals both within and outside of the Territory that is collected or obtained by United as of Closing, including the schema of such data, but excluding aggregate data and analytics derived from any of the foregoing categories of data.

“ **United Statement Date** ” shall have the meaning set forth in Section 4.6(a).

“ **United Supplemental Disclosure Letter** ” means the letter dated on or before the Completion Date from United to Maple Leaf and JV Newco in relation to the warranties set out in Article 4, which are deemed repeated at Completion, and relating solely to matters, facts and circumstances first arising after the Agreement Date “ **United Territory Companies** ” means each of the Entity’s listed on Exhibit 12.1(a)(iv) (each, a “ **United Territory Company** ”).

“ **United Trademark Licensing Agreement** ” shall have the meaning set forth in Section 3.5(a).

“ **United Working Capital Adjustment** ” \*\*

“ **U.S. GAAP** ” means United States generally accepted accounting principles.

“ **VAT** ” has the meaning set forth in Section 4.4(l).

Other capitalized terms defined elsewhere in this Agreement and not defined in this Section 12.1 shall have the meanings assigned to such terms in this Agreement.

12.2 Governing Law. This Agreement and any disputes or claims arising out of, relating to or in connection with its subject matter or formation (including non-contractual disputes or claims) are governed by and shall be construed in accordance with English law.

12.3 Assignment, Binding Upon Successors and Assigns. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise by any of the Parties without the prior written consent of the other Parties, and any such assignment without such prior written consent shall be null and void, except that either United or Maple Leaf may assign its rights (but not its obligations) under this Agreement to any Affiliate of such Party without the prior consent of the other Party; *provided, however*, that such assigning Party shall remain liable for all of its obligations under this Agreement. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

12.4 Severability. Each of the provisions of this Agreement is severable. If any such provision is held to be or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, it shall have no effect in that respect and, (a) the Parties shall use their reasonable efforts to replace such provision with a suitable and equitable provision in order to carry out as closely as is possible, so far as may be valid and enforceable, the intent and purpose of such illegal, invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected by such illegality, invalidity or unenforceability, nor shall such illegality, invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

12.5 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties. Signatures transmitted by facsimile or other electronic transmission (including PDF) shall be accepted as originals for all purposes of this Agreement.

12.6 Other Remedies. Except as otherwise expressly provided herein, any and all remedies herein expressly conferred upon a Party hereunder shall be deemed cumulative with and not exclusive of any other remedy conferred hereby or by law on such Party, and the exercise of any one remedy shall not preclude the exercise of any other.

12.7 Amendments and Waivers. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only by a writing signed by the Party to be bound thereby. The waiver by a Party of any breach hereof or default in the performance hereof shall not be deemed to constitute a waiver of any other default or any succeeding breach or default. The failure of any Party to enforce any of the provisions hereof shall not be construed to be a waiver of the right of such Party thereafter to enforce such provisions.

12.8 **Specific Performance.** Each of the Parties acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof, without bond, in any action instituted in any court of England having jurisdiction over the Parties and the matter (subject to the provisions set forth in Section 12.15 below), in addition to any other remedy to which it may be entitled, at law or in equity.

12.9 **Notices.** Any notice or other communication required or permitted to be delivered to any Party under this Agreement shall be in writing and shall be deemed properly delivered, given and received (a) upon receipt when delivered by hand, (b) upon transmission, if sent by facsimile or electronic transmission (in each case with receipt verified by electronic mail or telephone confirmation), or (c) one Business Day after being sent by overnight courier or express delivery service (with proof of delivery), provided that in each case the notice or other communication is sent to the address or facsimile telephone number set forth beneath the name of such Party below (or to such other address or facsimile telephone number as such Party shall have specified in a written notice given to the other Parties):

(a) **If to United:**

Uber Technologies, Inc.  
1455 Market Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103  
Attention: General Counsel  
\*\*

with copies (which shall not constitute notice) to:

Cooley LLP  
101 California Street  
San Francisco, CA  
United States of America  
Attention: Jamie Leigh  
\*\*  
\*\*

and

Herbert Smith Freehills LLP  
Exchange House  
12 Primrose Street  
London EC2A 2EG  
United Kingdom  
\*\*

\*\*

(b) **If to Maple Leaf, the Foundation, or, prior to Completion, JV Newco:**

Yandex N.V., Stichting Yandex Equity Incentive and/or MLU B.V. (as relevant)  
Schiphol Boulevard 165  
Schiphol 1118 BG  
Netherlands  
Attention: \*\*  
\*\*

with a copy (which shall not constitute notice) to:

\*\*

Maple Leaf LLC  
16 Leo Tolstoy str.  
Moscow 119021 Russia  
\*\*

\*\*

Morgan, Lewis & Bockius UK LLP  
Condor House, 5-10 St. Paul's Churchyard  
London EC4M 8AL United Kingdom  
\*\*

12.10 Interpretation; Rules of Construction. When a reference is made in this Agreement to Exhibits, such reference shall be to an Exhibit to this Agreement unless otherwise indicated. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. When a reference is made in this Agreement to Articles, such reference shall be to an Article of this Agreement unless otherwise indicated. The words "include" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." References to "\$" or "US\$" means United States Dollars. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Reference to the subsidiaries of an entity shall be deemed to include all direct and indirect subsidiaries of such entity. The Parties agree that they have been represented by legal counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the Party drafting such agreement or document. In the event of a conflict between any of the Transaction Agreements or any Exhibit or Schedule hereto, this Agreement shall govern unless the context otherwise requires. The statement that any information, document or other material has been "delivered," "provided" or "made available" shall mean that such information, document or material (a) with respect to United, was available



for review in the United Data Room as of 11:59 p.m. on the day that is \*\* immediately prior to the Agreement Date; or (b) with respect to Maple Leaf, was available for review in the Maple Leaf Data Room as of 11:59 p.m. on the day that is \*\*immediately prior to the Agreement Date.

12.11 Third Party Beneficiary Rights.

(a) Save as specified in Section 12.11(b), no term of this Agreement is enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by an Entity or a Person who is not a party to this Agreement .

(b) Subject to Section 12.11(c), the rights of any Entity or Person which is not a Party to this Agreement (each such Entity or Person, a “ **Third Party** ”) pursuant to Sections 4.18, 4.19, 6.18, 6.19, 7.18(b), 7.19(b), 10.4(c) or Article 11 , which shall be enforceable, subject to the other provisions of this Agreement (including Section 12.2 and Section 12.13 ), by any Third Party expressly referred to in such Sections and Article.

(c) Notwithstanding the provisions of Section 12.11(a) or any benefits conferred by this Agreement on any Third Party by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise, the Parties may by agreement terminate, rescind, waive, amend or vary any term of this Agreement at any time and in any way without the consent of any Third Party .

(d) No rights specified in Section 12.11(a) shall be assignable by a Third Party.

12.12 Dispute Resolution. The Parties agree that, in respect of any claim, dispute, difference or controversy of whatever nature arising under, out of, relating to or in connection with this Agreement (including a claim, dispute, difference or controversy regarding its existence, termination, validity, interpretation, performance, breach, the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Agreement or any United Claim or Maple Leaf Claim) but excluding any claim, dispute, difference or controversy of whatever nature arising under, out of, relating to or in connection with Sections 2.5 through 2.8 (inclusive) (a “ **Dispute** ”), they shall notify in writing the other Parties and attempt in good faith to resolve such Dispute. If no such resolution can be reached during the \*\* following the date of such written notice (the “ **Negotiation Period** ”), then such Dispute shall be referred to and finally settled by arbitration in accordance with the LCIA Arbitration Rules (the “ **Rules** ”) as at present in force and as modified by this Section 12.12 , which Rules shall be deemed incorporated into this Section 12.12 and capitalised terms used in this Section 12.12 which are not otherwise defined in this Agreement have the meaning given to them in the Rules. This Section 12.12 and any non-contractual provisions arising out of or in connection with this Section 12.12 are governed by English law.

(a) The number of arbitrators shall be three (3), one of whom shall be nominated by the Claimant(s), one by the Respondent(s) and the third (3rd) of whom, who shall act as presiding arbitrator, shall be nominated by the two (2) party-nominated arbitrators, provided that if the third (3rd) arbitrator has not been nominated within \*\* of

the nomination of the second party-nominated arbitrator such third (3rd) arbitrator shall be appointed by the LCIA Court. Notwithstanding the provisions of this Section 12.12(a), the LCIA Court may order expedited formation of the Arbitral Tribunal pursuant to Article 9A of the Rules and for that purpose the LCIA Court may elect and appoint the presiding arbitrator at any time. Notwithstanding any provision to the contrary in the Rules, the Parties may nominate and the LCIA Court may appoint arbitrators (including the presiding arbitrator) from among the nationals of any country, whether or not a Party is a national of that country.

(b) The seat or legal place of arbitration shall be London, England, and the language used in the arbitral proceedings shall be English. All documents submitted in connection with the arbitral proceedings shall be in the English language or, if in another language, accompanied by an English translation. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

(c) Having regard to the Arbitral Tribunal's general duty set out in section 33(1) of the Arbitration Act 1996, the Parties hereby agree that, without derogating from its other powers, the Arbitral Tribunal may, following a written request by any Party at any time after the Response is due, give directions as to a procedure (the "**Summary Procedure**") for determining (i) whether any claim(s), counterclaim(s) or part(s) thereof is reasonably arguable and/or (ii) whether any reasonably arguable defense to the claim(s), counterclaim(s) or part(s) thereof exists and thereafter make an award (which may be a final award) if it determines, respectively, that (i) any claim(s), counterclaim(s) or part(s) thereof is not reasonably arguable or (ii) no such reasonably arguable defense exists. The Arbitral Tribunal shall exercise its discretion under the Arbitration Act 1996 to adopt a procedure suitable for the determination of a request made under this Section 12.12(c) consistently with its duty as set out in section 33(2) of the Arbitration Act 1996. As part of the Summary Procedure, the Party requesting the Summary Procedure shall be required to make a written submission as to why any claim(s), counterclaim(s) or part(s) thereof is appropriate for summary determination and every other party to the arbitration shall have the opportunity to submit a written response to such submission. The Parties acknowledge and agree that this Section 12.12(c) provides for due process and gives each Party adequate opportunity to be heard, and that no Party shall challenge or resist enforcement of an award made pursuant to this Section 12.12(c) on the basis of a failure of due process or lack of opportunity to be heard, whether under Article V(1)(b) of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, Section 68(2)(a) of the Arbitration Act 1996 or otherwise.

(d) No Party shall be required to give general discovery of documents but may be required only to produce specific, identified documents or classes of documents which are relevant to the Dispute and material to its outcome.

(e) Each Party agrees that the arbitration agreement set out in this Section 12.12 and the arbitration agreement contained in each other Transaction Agreement shall together be deemed to be a single arbitration agreement.

(f) Each Party consents to being joined to any arbitration commenced under any Transaction Agreement on the application of any other Party if the Arbitral Tribunal so allows, and subject to and in accordance with the Rules. Before the constitution of the Arbitral Tribunal, any party to an arbitration commenced pursuant to this Section 12.12 may effect joinder by serving notice on any party to any Transaction Agreement whom it seeks to join to the arbitration proceedings, provided that such notice is also sent to all other parties to the Dispute and the LCIA Court within \*\* of service of the Request for Arbitration. The joined party will become a claimant or respondent party (as appropriate) to the arbitration proceedings and participate in the arbitrator appointment process in Section 12.12(a).

(g) An Arbitral Tribunal constituted under this Agreement may, unless consolidation would prejudice the rights of any party, consolidate an arbitration hereunder with an arbitration under any other Transaction Agreement if the arbitration proceedings raise common questions of law or fact, and subject to and in accordance with the Rules. For the avoidance of doubt, this Section 12.12(g) is an agreement in writing by all Parties to any arbitrations to be consolidated for the purposes of Article 22.1(ix) of the Rules. If an Arbitral Tribunal has been constituted in more than one of the arbitrations in respect of which consolidation is sought pursuant to this Section 12.12(g), the Arbitral Tribunal which shall have the power to order consolidation shall be the Arbitral Tribunal appointed in the arbitration with the earlier Commencement Date under Article 1.4 of the Rules (i.e. the first-filed arbitration). Notice of the consolidation order must be given to any arbitrators already appointed in relation to any of the arbitration(s) which are to be consolidated under the consolidation order, all parties to those arbitration(s) and the LCIA Registrar. Any appointment of an arbitrator in the other arbitrations before the date of the consolidation order will terminate immediately and the arbitrator will be deemed to be discharged. This termination is without prejudice to the validity of any act done or order made by that arbitrator or by any court in support of that arbitration before that arbitrator's appointment is terminated; his or her entitlement to be paid proper fees and disbursements; and the date when any claim or defense was raised for the purpose of applying any limitation bar or any similar rule or provision. If this clause operates to exclude a Party's right to choose its own arbitrator, each Party irrevocably and unconditionally waives any right to do so.

(h) To the extent permitted by Applicable Law, each Party waives any objection, on the basis that a Dispute has been resolved in a manner contemplated by Sections 12.12(f) to (g), to the validity and/or enforcement of any arbitral award.

(i) Each Party agrees that any arbitration under this Section 12.12 shall be confidential to the Parties and the arbitrators and that each Party shall therefore keep confidential, without limitation, the fact that the arbitration has taken place or is taking place, all non-public documents produced by any other Party for the purposes of the arbitration, all awards in the arbitration and all other non-public information provided to it in relation to the arbitral proceedings, including hearings, save to the extent that disclosure may be requested by a regulatory authority, or required of it by legal duty, to

protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a state court or other judicial authority.

- (j) The law of this arbitration agreement, including its validity and scope, shall be English law.
- (k) This agreement to arbitrate shall be binding upon the Parties, their successors and permitted assigns.

12.13 Process Agent.

(a) United irrevocably appoints Herbert Smith Freehills LLP as its agent under this Agreement for service of process and agrees that the process by which any proceedings are commenced in the English courts in support of, or in connection with, an arbitration commenced pursuant to Section 12.12 may be served on it by being delivered to Tomasz Wozniak at Exchange House, 12 Primrose Street, London EC2A 2EG, United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on behalf of a Party, that Party shall immediately appoint a further person in England to accept service of process on its behalf.

(b) Maple Leaf, the Foundation and, prior to Completion, JV Newco irrevocably appoints Law Debenture Corporate Services Limited as its agent under this Agreement for service of process and agrees that the process by which any proceedings are commenced in the English courts in support of, or in connection with, an arbitration commenced pursuant to Section 12.12 may be served on it by being delivered to 5<sup>th</sup> Floor, 100 Wood Street, London EC2V 7EX, United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on behalf of a Party, that Party shall immediately appoint a further person in England to accept service of process on its behalf.

(c) Each Party agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings or render service of those proceedings ineffective.

(d) Nothing in this Section 12.13 shall affect the right of any Party to serve process in any other manner permitted by Applicable Law.

12.14 Disclosure Letters. The United Disclosure Letter (and any United Supplemental Disclosure Letter, as applicable) has been arranged into separate parts corresponding to the subsections of Article 4 and Section 7.4; and the Maple Leaf Disclosure Letter (and any Maple Leaf Supplemental Disclosure Letter, as applicable) has been arranged into separate parts corresponding to subsections of Article 5, Article 6 and Section 7.3. For the sake of convenience, information set forth in a part of a Disclosure Letter shall be listed against the corresponding Section or subsection of this Agreement containing the warranties to which such information is considered most likely to relate, but any information contained in such Disclosure Letter shall apply to all warranties to which such information reasonably relates. No

reference to or disclosure of any item or other matter in the Disclosure Letters or the Supplemental Disclosure Letters shall be construed as an admission or indication that such item or other matter is material (nor shall it establish a standard of materiality for any purpose whatsoever) or that such item or other matter is required to be referred to or disclosed in the Disclosure Letters or the Supplemental Disclosure Letters. The information set forth in the Disclosure Letters or the Supplemental Disclosure Letters shall be Disclosed solely for the purposes of this Agreement, and no information set forth therein shall be deemed to be an admission by any Party hereto to any third party of any matter whatsoever, including of any violation of Applicable Law or breach of any Contract.

12.15 Survival of Warranties.

(a) Subject to Section 2.1 of Exhibit 11.1, the warranties given by United under Article 4 shall not be affected by Completion and the rights and remedies of Maple Leaf and JV Newco in connection with such warranties shall survive Completion.

(b) Subject to Section 2.1 of Exhibit 11.2, the warranties given by Maple Leaf under Article 5 and Article 6 shall not be affected by Completion and the rights and remedies of United and JV Newco in connection with such warranties shall survive Completion.

12.16 Entire Agreement. The Transaction Agreements and the related exhibits and schedules, together with the agreed form document and any documents referred to in any of them, constitute the entire understanding and agreement of the Parties with respect to the subject matter hereof and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the Parties with respect hereto (including, for the avoidance of doubt the term sheet executed by the representatives of certain of the Parties on May 18, 2017, the binding obligations of which are hereby terminated notwithstanding anything in that document which purports to do otherwise) other than the Mutual NDA and JDA (each of which shall remain in full force and effect), and without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom, usage or course of dealing. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. Each Party confirms that, in any event, without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement, the only rights or remedies in relation to any warranty, assurance, covenant, indemnity, undertaking or commitment given or action taken in connection with the Transaction Agreements or the agreed form documents or any document referred to in any of them are those pursuant to such Transaction Agreement or agreed form document or document referred to in any of them, and for the avoidance of doubt and without limitation, no Party has any other right or remedy (whether by way of a claim for contribution or otherwise) in tort (including negligence) or for misrepresentation (whether negligent or otherwise, and whether made prior to, and/or in this Agreement).

12.17 No set off, deduction or counterclaim. Subject to Section 12.12, every payment payable by a Party under this Agreement shall be made in full without any set off or counterclaim howsoever arising and shall be free and clear of, and without deduction of, or

withholding for or on account of, any amount which is due and payable to a Party under this Agreement.

12.18 Effect of Completion. So far as it remains to be performed, this Agreement shall continue in full force and effect after Completion. The rights and remedies of the Parties shall not be affected by Completion.

12.19 No fetter. JV Newco shall not be bound by any provision of this Agreement to the extent that it constitutes an unlawful restriction or fetter on its statutory powers or is unlawful financial assistance. This shall not affect the validity of the rights and obligations of the other parties under this Agreement.

12.20 No partnership. Nothing in this Agreement or in any document referred to in it shall constitute any of the Parties a partner of any other, nor shall the execution, completion and implementation of this Agreement confer on any Party any power to bind or impose any obligations to any third parties on any other Party or to pledge the credit of any other Party.

12.21 Tax.

(a) Any payment made by or due from a Party under, or pursuant to the terms of, this Agreement shall be free and clear of all Tax whatsoever save only for any deductions or withholdings required by Applicable Laws on taxation.

(b) Payments made in connection with this Agreement shall so far as possible be treated by the Parties as an adjustment to the consideration payable pursuant to this Agreement.

12.22 Language. This Agreement was negotiated in English and, to be valid, all certificates, notices, communications and other documents made in connection with it shall be in English (save, if otherwise required by Applicable Law, for the Organizational Documents of JV Newco or its Subsidiaries). If all or any part of this Agreement or any such certificate, notice, communication or other document is for any reason translated into any language other than English the English text shall prevail. Each of the Parties understands English and is content for all communications relating to this Agreement to be served on it in English.

12.23 Legal advice. Each Party confirms it has received independent legal advice relating to all the matters provided for in this Agreement, including the provisions of this Section 12.23, and agrees, having considered the terms of this Agreement as a whole, that the provisions of this Agreement, including this Section 12.23, are fair and reasonable.

12.24 Notary. United is aware that the Notary is a civil law notary working at Van Doorne N.V., the law firm acting as lawyers of Maple Leaf. With reference to the provisions of the Code of Conduct ( *Verordening Beroeps- en Gedragsregels* ) of the Royal Notarial Regulatory Body ( *Koninklijke Notariele Beroepsorganisatie* ) United acknowledges and agrees that Van Doorne N.V. may assist and act on behalf of Maple Leaf in connection with this Agreement including any disputes arising in relation to this Agreement.

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

[Signature Page Next]

Yandex N.V. requests that the marked portions of the exhibit be granted confidential treatment under Rule 406 of the Securities Act of 1933.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

UBER INTERNATIONAL, C.V.

By: Neben, LLC  
Title: General Partner

By:  
Name: \_\_\_\_\_

Title: Member of IP Management Committee

---

[SIGNATURE PAGE TO CONTRIBUTION AGREEMENT]



Yandex N.V. requests that the marked portions of the exhibit be granted confidential treatment under Rule 406 of the Securities Act of 1933.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

YANDEX N.V.

By: \_\_\_\_\_  
Name:  
Title:

[SIGNATURE PAGE TO CONTRIBUTION AGREEMENT]

---

Yandex N.V. requests that the marked portions of the exhibit be granted confidential treatment under Rule 406 of the Securities Act of 1933.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

STICHTING YANDEX EQUITY INCENTIVE

By: \_\_\_\_\_  
Name:  
Title:

[SIGNATURE PAGE TO CONTRIBUTION AGREEMENT]

---

Yandex N.V. requests that the marked portions of the exhibit be granted confidential treatment under Rule 406 of the Securities Act of 1933.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

MLU B.V.

By: \_\_\_\_\_  
Name:  
Title:

[SIGNATURE PAGE TO CONTRIBUTION AGREEMENT]

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7 February 2018

YANDEX N.V.  
and  
UBER INTERNATIONAL C.V.  
and  
STICHTING MLU EQUITY INCENTIVE  
and  
MLU B.V.

---

SHAREHOLDERS' AGREEMENT  
IN RELATION TO MLU B.V.

---

Herbert Smith Freehills LLP

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THIS AGREEMENT (this " Agreement ") is made as a DEED on 7 February 2018:

**BETWEEN:**

- (1) **YANDEX N.V.**, a limited liability company ( *naamloze vennootschap* ) incorporated under the laws of the Netherlands, having its registered office at Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands, registered with the trade register of the Chamber of Commerce under number 27265167 (" **Yandex** ");
- (2) **UBER INTERNATIONAL C.V.**, a limited partnership ( *commanditaire vennootschap* ) formed under the laws of the Netherlands, having its registered office at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda, registered with the trade register of the Chamber of Commerce under number 58046143 (" **Uber** ");
- (3) **STICHTING MLU EQUITY INCENTIVE**, a foundation ( *stichting* ) incorporated under the laws of the Netherlands, having its registered office at Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands, registered with the trade register of the Chamber of Commerce under number 70818614 (the " **Foundation** "); and
- (4) **MLU B.V.**, a private limited liability company ( *besloten vennootschap met beperkte aansprakelijkheid* ) incorporated under the laws of the Netherlands, having its registered office at Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands, registered with the trade register of the Chamber of Commerce under number 69160899 (the " **Company** ");

(each a " **Party** " and together the " **Parties** ").

**RECITALS:**

(Capitalised terms used in these Recitals that are not set out above are defined in Clause 1.1 below).

- (A) On 13 July 2017, the Company, Yandex, Uber and Stichting Yandex Equity Incentive, a foundation ( *stichting* ) formed under the laws of the Netherlands, having its corporate seat at Amsterdam, its registered office at Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands and registered with the trade register of the Chamber of Commerce under number 57035504 (the " **Yandex Foundation** ") entered into the Contribution Agreement pursuant to which Yandex, the Yandex Foundation and Uber agreed to contribute to the Company certain of their respective right, title and interests to the Business in the Territories, in each case as set forth in the Contribution Agreement.
- (B) Upon Completion, Yandex shall transfer to Uber \*\* B Shares in exchange for \*\* shares of Class A Common Stock in Uber Technologies, Inc. in accordance with the Exchange Agreement (the " **Secondary Sale** ").
- (C) Immediately following Completion and the consummation of the Secondary Sale, Yandex Foundation will transfer all its Shares in the capital of the Company to the Foundation, following which Yandex Foundation shall immediately cease to be a Shareholder of the Company and the Company will issue \*\* new A Shares to the Foundation (the " **Roll-Over** "). The Parties acknowledge and agree that Yandex Foundation shall be exempted from the quality requirement for holding Shares, as included in the Articles. The Company hereby confirms that the Yandex Foundation is exempted from the quality requirement in accordance with article 33 of the Articles.
- (D) Immediately following Completion and the consummation of the Secondary Sale and the Roll-Over, the issued share capital of the Company will be USD 2,254,667, divided into \*\* A Shares with a nominal value of USD 0.10 each and \*\* B Shares with a nominal value of USD 0.10 each, and the entire issued share capital will be held as follows:
  - (i) Yandex shall hold \*\* B Shares, representing \*\* of the issued share capital of the Company;
  - (ii) Uber shall hold \*\* B Shares, representing \*\* of the issued share capital of the Company; and
  - (iii) the Foundation shall hold \*\* A Shares, representing \*\* of the issued share capital of the Company.
- (E) It is intended that the Group shall carry on the Business.

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

- (F) The Parties acknowledge that the Foundation is a Party to this Agreement solely for the purposes of Clauses 5.3 ( *Appointment and removal of Managing Directors* ), 6.6 ( *Appointment and removal of Supervisory Directors* ), 9 ( *Decisions of Shareholders of the Company* ), 11 ( *Reserved Matters* ), 19 ( *Transfers of Shares* ), 27 ( *Notices* ), 28 ( *Term* ), 28 ( *Announcement and Confidentiality* ), 29 ( *Miscellaneous* ), 31 ( *Governing Law and Dispute Resolution* ) and 32 ( *Process Agent* ).
- (G) The Parties have agreed to make provision for the management and administration of the affairs of the Group on the terms and conditions set out in this Agreement.

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

**Definitions**

1.1 In this Agreement, the following words and expressions shall have the following meanings:

" **Acceptance Period** " has the meaning given in Clause 18.3.3;

" **Affiliate** " means in relation to any person, any other person directly or indirectly Controlled by, or Controlling of, or under common Control with, that person provided that, for the purposes of this Agreement, neither the Company nor any Group Company is to be regarded as an Affiliate of a Shareholder;

" **Anti-Dilution Shares** " has the meaning given in Clause 18.11;

" **Applicable Law** " means all laws, regulations, directives, statutes, subordinate legislation, common law and civil codes of any jurisdiction, all judgments, orders, notices, instructions, decisions and awards of any competent Governmental Authority and all codes of practice having force of law, statutory guidance and policy notes, in each case to the extent applicable to the Parties or any of them, any Group Company, or as the context requires;

" **Applicable Tax Legislation** " means all laws, regulations, directives, statutes, subordinate legislation, common law and civil codes of any jurisdiction related to Tax, in each case to the extent applicable to the Parties or any of them, any Group Company, or as the context requires;

" **Approved Auditor** " means, subject to conflicts, any one of EY, PricewaterhouseCoopers, KPMG, Deloitte or such other reputable international audit firm as agreed by the Shareholders from time to time;

" **Articles** " means the articles of association of the Company as amended from time to time;

" **A Shares** " means the A ordinary shares of USD 0.10 each in the capital of the Company, each carrying one (1) vote per share;

" **B Shares** " means the B ordinary shares of USD 0.10 each in the capital of the Company, each carrying ten (10) votes per share;

" **Breach Notice** " has the meaning given in Clause 26.1;

" **Budget** " means with respect to the 2018 financial year and each subsequent financial year, the budget of the Group for the particular financial year (in a format approved from time to time by the Supervisory Board), including monthly estimates of profit and loss, cashflow and balance sheet statements and key performance indicators, in each case for the financial year to which the budget relates, and also including projections for the next two financial years) as approved in accordance with this Agreement (including Schedule 8 ( *Budget* )), in each case as the same may be amended from time to time in accordance with this Agreement;

" **Business** " means the business of facilitating, through a technology application, each of the following: ridesharing, food delivery, and logistics (using the core technology application) and all ancillary and related activity thereto (using the core technology application);



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**"Business Day"** means a day (not being a Saturday or Sunday) on which banks are open for general banking business in Moscow (Russian Federation), Amsterdam (Netherlands) and San Francisco (United States);

**"Buyer"** means the purchaser of any Shares in accordance with the terms of this Agreement;

**"CEO"** has the meaning given in Clause 5.2;

**"CFO"** has the meaning given in Clause 4.1.3

**"COO"** has the meaning given in Clause 4.1.4;

**"CTO"** has the meaning given in Clause 4.1.5;

**"Charter"** , means in relation to a Group Company, its charter, articles of association or similar constitutional document as amended from time to time (including, for the avoidance of doubt, the Articles);

**"Clause"** means a clause of this Agreement;

**"Company Prepared Returns"** has the meaning given in Clause 24.1;

**"Completion"** has the meaning given in the Contribution Agreement;

**"Completion Date"** has the meaning given in the Contribution Agreement;

**"Compliance Breach"** has the meaning given in Clause 26.1;

**"Confidential Information"** means the existence and contents of this Agreement and the other Transaction Agreements, the arrangements contemplated by this Agreement and the other Transaction Agreements, the identity of the Shareholders, any information of a confidential nature which may become known to a Party from any of the other Parties as a result of negotiating, entering into or performing its obligations pursuant to this Agreement or any other Transaction Agreement, information of whatever nature concerning the Business and the Group Companies (including information provided to a Shareholder by the Observer if appointed), and any information of a confidential nature which is expressly indicated by a Party to be confidential in relation to a Party or any of its Affiliates or subsidiary undertakings or parent undertakings;

**"Conflict of Interest"** means a direct or indirect personal conflict of interest within the meaning of article 2:239 paragraph 6 or 2:250 paragraph 5 Dutch Civil Code as the case may be;

**"Contribution Agreement"** means the agreement for the contribution by Yandex and Uber to the Company of certain of their respective right, title and interests to the Business in the Territories entered into between the Company, Yandex, Uber and Yandex Foundation on 13 July 2017, as the same may be amended or otherwise modified from time to time in accordance with its terms;

**"Control"** of a given person means the power or authority, whether exercised or not, to direct the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the voting of more than \*\* of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of board of directors of such person. The terms **"Controlled"** and **"Controlling"** have meanings correlative to the foregoing;

**"Corrupt Act"** means, either in private business dealings or in dealings with the public or government sector, directly or indirectly giving, making, offering, receiving or agreeing to make (either individually or in agreement with others) any payment, gift or other advantage which (i) would violate any Corruption Laws, or (ii) is made to or for a Public Official or other person with the intention of influencing them and improperly obtaining or retaining an advantage in the conduct of business. The Parties acknowledge that this Agreement is not intended to prohibit lawful and good faith, reasonable and proportionate hospitality, promotional and other business expenditure;

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" **Corruption Laws** " means all Applicable Laws in connection with bribery and corruption, including:

- (a) legislation in applicable jurisdictions implementing the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on 17 December, 1997, which entered into force on 15 February, 1999, and the Convention's Commentaries;
- (b) the United States Foreign Corrupt Practices Act of 1977, as amended;
- (c) the United Kingdom Bribery Act 2010; and
- (d) the Russian Federal Law On Combatting Corruption No. 273-FZ dated 25 December 2008 (in Russian, *Федеральный закон от 25.12.2008 N 273-ФЗ "О противодействии коррупции"*) and the Russian Federal Law On Combatting Legalisation (Laundering) of Proceeds from Crime and Financing of Terrorism No. 115-FZ dated 7 August 2001 (in Russian, *Федеральный закон от 07.08.2001 N 115-ФЗ "О противодействии легализации (отмыванию) доходов, полученных преступным путем, и финансированию терроризма"*);

"**Deed of Adherence**" means a deed in the form set out in Schedule 1;

"**Deed of Covenant**" means the deed of covenant between the Company, Yandex and Uber dated on or about the date hereof;

"**Default Notice**" has the meaning given in Clause 25.3;

"**Defaulting Shareholder**" has the meaning given in Clause 25.3;

"**Dispute**" has the meaning given in Clause 31.2;

"**Drag Along Notice**" has the meaning given in Clause 24.1;

"**Drag Sale**" has the meaning given in Clause 24.4;

"**Dutch Director**" has the meaning given in Clause 5.2;

"**Encumbrance**" means any option, charge (fixed or floating), mortgage, lien, pledge, equity, right to acquire, right of pre-emption, right of first refusal, title retention or any other security interest of any kind or any agreement to create any of the foregoing, or any other third party interest, equity, or right except for encumbrances that occur under this Agreement or the Articles;

"**Entry Price**" means the price per B Share (in USD) on the Completion Date based on the RUB to USD exchange rate set by the Central Bank of Russia on the Completion Date;

"**Equity Incentive Plan**" means the employee equity incentive plan adopted by the Company from time to time;

"**Equity Incentive Pool**" means \*\* A Shares (excluding A Shares underlying equity incentive awards that are fully vested on the date hereof);

"**Equity Proportions**" means the respective proportions in which the Shares are held from time to time by each of the Shareholders, save that if the expression "**Equity Proportions**" is used in the context of some (but not all) of the Shareholders, it shall mean the respective proportions in which Shares are held by each of those particular Shareholders;

"**Escalation Matter**" has the meaning given in Clause 11.4;

"**Event of Default**" has the meaning given in Clause 25.1;

"**Event of Default Remedy Notice**" has the meaning given in Clause 25.5;

"**Excess New Securities**" has the meaning given in Clause 18.6;

"**Exchange Agreement**" has the meaning given in the Contribution Agreement;

"**Excluded Territories**" means either or both of the Yandex Excluded Territories and/or the Uber Excluded Territories, as the context requires, and "**Excluded Territory**" shall mean any of them, as the context requires;

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**"Excluded Territories Subsidiaries"** has the meaning given in 3.8 and shall include the Yandex Excluded Territories Subsidiaries and the Uber Excluded Territories Subsidiaries;

**"Exit Offer"** has the meaning given in Clause 24.1;

**"FAS"** means the Federal Antimonopoly Service of the Russian Federation;

**"Governmental Authority"** means any government or state and any ministry, department or political subdivision thereof, and any person exercising executive, judicial, regulatory or administrative functions of, or pertaining to, government (including any independent regulator) or any other governmental entity, instrumentality, agency, authority, corporation, committee or commission under the direct or indirect control of a government, and for the avoidance of doubt includes any court or competent authority or tribunal;

**"Group"** means the Company and the Subsidiaries of the Company from time to time, and **"Group Company"** means any of them;

**"Initial Proportion"** means the number of B Shares held by each of Yandex and Uber as of immediately following the consummation of the Secondary Sale, which number of B Shares are set forth opposite each of Yandex and Uber in Schedule 9; provided, that notwithstanding anything herein to the contrary, for the purposes of determining at any given time whether Yandex or Uber, as the case may be, hold a certain percentage of their respective Initial Proportion, any B Shares held at such time by a Permitted Affiliate of such Shareholder shall be treated as if it were held by such Shareholder;

**"Initial Territories"** means Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan and Uzbekistan;

**"Insolvency Event"** means a person or any person having Control of a person:

- (a) being deemed to be insolvent or bankrupt under Applicable Law;
- (b) being unable, or admitting its inability, to pay its debts as they fall due (and for the purposes of this paragraph, it is unable to pay its debts if one of the circumstances set out in section 123(1)(a), (b) (disregarding for these purposes the restriction to England and Wales) or (e) of the Insolvency Act 1986 or any other Applicable Law);
- (c) making a composition or arrangement with its creditors or putting a proposal to its creditors for a voluntary arrangement for a composition of its debts or a scheme of arrangement (other than for the purposes of a bona fide reconstruction or amalgamation);
- (d) passing a resolution putting itself into voluntary liquidation (other than for the purposes of a bona fide amalgamation or reconstruction);
- (e) suffering the appointment of a provisional liquidator, a receiver, a manager or an administrative receiver; or
- (f) being subject to any other corporate action, legal proceedings or other formal procedure or step taken for any form of liquidation (other than a voluntary solvent liquidation for the purposes of a bona fide amalgamation or reconstruction), dissolution, receivership, administrative receivership, administration, arrangement or scheme with creditors, moratorium, stay or limitation of creditors' rights, interim or provisional supervision by the court or by persons appointed by the court (or any equivalent or similar procedure under the Applicable Law of any jurisdiction in which the relevant person is incorporated, registered, domiciled or resident or carries on business or has assets);

**"Intellectual Property"** means (i) copyright, patents, database rights, trademarks, logos, domain names, and rights in trade marks, designs, know-how and confidential information (whether registered or unregistered), (ii) applications for registration, and rights to apply for registration, of any of the foregoing rights and (iii) all other equivalent or similar forms of intellectual property rights or protection existing anywhere in the world;

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"**Key Terms**" means: (i) the number of Shares to be transferred; (ii) the agreed aggregate consideration for the proposed transfer, and the consideration per Share; and (iii) all other material terms and conditions of the proposed transfer;

"**Listed**" means admitted for unrestricted trading on a recognised investment exchange of international standing.

"**Liquidity Event**" means:

- (a) a Strategic Sale; or
- (b) a Qualified IPO;

"**Lock-up Period**" means the period commencing on the Completion Date and ending on \*\*;

"**Management Board**" means the Company's management board (*bestuur*) as constituted from time to time;

"**Management Representative**" in the context of an Escalation Matter, has the meaning given in Clause 11.6.1;

"**Managing Director**" has the meaning given in Clause 5.2;

"**Yandex**" means Yandex and, in case of a transfer to a Permitted Affiliate pursuant to Clause 19.4, shall include that Permitted Affiliate;

"**Yandex Contribution**" has the meaning given in the Contribution Agreement;

"**Yandex Excluded Territory**" has the meaning given in Clause 3.5, and a reference to the "**Yandex Excluded Territories**" shall mean all of them;

"**Yandex Excluded Territory Committee**" has the meaning given in Clause 3.7.2;

"**Yandex Excluded Territories Subsidiary**" has the meaning given in 3.8.2;

"**Yandex Foundation**" has the meaning given in Recital (A);

"**Yandex Supervisory Director**" has the meaning given in Clause 6.2.1;

"**Yandex Trademark Licensing Agreement**" means the trademark license agreement between the Yandex and the Company dated on or about the date the hereof;

"**Marketable Securities**" means the Listed marketable equity securities and depositary receipts of a Listed company, with an aggregate public float value immediately prior to the relevant Transfer of no less than USD 10 billion;

"**New Securities**" has the meaning given in Clause 18.1;

"**New Territory**" and "**New Territories**" has the meaning given in Clause 3.1;

"**Nominee Supervisory Directors**" and "**Nominee Supervisory Director**" has the meaning given in Clause 6.2.2;

"**Non-Cash Consideration**" means the monetary value of the Marketable Securities calculated by reference to the VWAP of the middle market quotations for such Marketable Securities as shown by the relevant stock exchange or listing authority for each of the \*\* on the relevant stock exchange or listing authority immediately preceding the relevant Transfer, multiplied by the number of Marketable Securities the subject of the relevant Transfer;

"**Non-Defaulting Shareholder**" has the meaning given in Clause 25.3;

"**Non-Restricted Information**" has the meaning given in Clause 3.13;

"**Notice of Intention**" has the meaning given in Clause 3.1;

"**Observer**" has the meaning given in Clause 7.19;

"**Offer**" has the meaning given in Clause 20.1;

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**"Operating Yandex Subsidiaries"** means:

- (a) Yandex.Taxi Kazakhstan LLC, a private company registered under the law of the Republic of Kazakhstan (registered with the Justice Division of Almatinsky district of Almaty Justice Department, business identification number 161240022428); and
- (b) Yandex.Taxi AM LLC, a limited liability company registered under the laws of Armenia (registration number 286.110.954365) and whose registered office is at Armenia, Yerevan, Khorenarsy str. 28, 0018;

**"Operating Subsidiaries"** means the Operating Uber Subsidiaries and the Operating Yandex Subsidiaries;

**"Operating Uber Subsidiaries"** means:

- (a) Uber Kazakhstan LLP a limited liability partnership organised and existing under laws of Kazakhstan (company number 160540014930) and whose registered office is at Block B, 101 Tole Bi Street, Almalinsky District, 050012 Almaty City, Kazakhstan;
- (b) Uber Systems Bel LLC a limited liability company organised and existing under the laws of Belarus (company number 192518372) and whose registered office is at Surganova str., 29, premise 1, room 26, 220012, Minsk, Belarus; and
- (c) Uber Azerbaijan LLC a limited liability company organised and existing under the laws of Azerbaijan (company number 2003320301) and whose registered office is at Xocali avenue, 55, AZ1025, Baku, Azerbaijan;

**"Other Shareholder(s)"** means either of Yandex (and/or its Permitted Affiliates) or Uber (and/or its Permitted Affiliates), being the Shareholder (excluding, for the avoidance of doubt, the Foundation) that is not a Selling Shareholder for the purposes of Clause 20 (*Right of First Refusal*) and Clause 21 (*Tag Along Rights*);

**"Participating Shareholder"** has the meaning given in Clause 21.2;

**"Party Warranties"** means the warranties set out at Schedule 5 (*Party Warranties*);

**"People's Republic of China"** means the sovereign state of the People's Republic of China excluding the Special Administrative Regions of Hong Kong and Macau, and Taiwan;

**"Permitted Affiliate"** means:

- (a) in respect of Yandex, any Affiliate of Yandex;
- (b) in respect of Uber, any Affiliate of Uber;
- (c) in respect of any other Shareholder, any wholly-owned and Controlled corporate Affiliate of such Shareholder,

and in each case which is not a Prohibited Purchaser;

**"Prescribed Price"** has the meaning given in Clause 23.5.2;

**"Prescribed Terms"** has the meaning given in Clause 23.5.2;

**"Pro-rata Offer"** has the meaning given in Clause 18.2;

**"Pro-rata Entitlement"** has the meaning given in Clause 18.3.2;

**"Proceeding"** means any action, suit, claim (including a claim for refund or credit with respect to an overpayment of Tax), demand, complaint, charge, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, application, audit, examination, investigation or enquiry, whether formal or informal, commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Authority or any arbitrator or arbitration panel.

**"Prohibited Purchaser"** means any person who (i) is, or has an Affiliate that is, a Restricted Party; or (ii) would in the circumstances cause the Company or an Affiliate or subsidiary undertaking of the Company to become a target of Sanctions;

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**"Prohibited Transferee"** means such persons as the Shareholders may agree from time to time;

**"Public Official"** means any person (whether appointed or elected) holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise (including any officer or employee of a state-owned or state-operated entity) or a public international organisation any political party or official thereof, or any candidate for political office;

**"Qualified IPO"** means:

- (a) the closing of the offer and sale of shares or securities representing shares in the Company in a firm commitment underwritten offering to the public;
- (b) the listing and trading of such shares and securities on the New York Stock Exchange, the NASDAQ Stock Market, the London Stock Exchange (or any other international securities exchange of recognised international standing with the mutual consent of Yandex and Uber);
- (c) results in aggregate primary and/or secondary cash proceeds of not less than \*\* (net of underwriting discounts and commissions); and
- (d) in which the per share price is at least \*\* (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalisation with respect to the Shares);

**"Qualified IPO Notice"** has the meaning given in Clause 21.2;

**"Qualifying Issue"** has the meaning given in Clause 18.11.

**"Regulatory Approvals"** means in relation to any matter, any necessary approvals required in any jurisdiction by any Governmental Authority in order for the matter to be implemented or completed (including any necessary FAS approvals);

**"Related Agreement"** means each Transaction Agreement other than this Agreement;

**"Related Party"** means, save as expressly contemplated by the Transaction Agreements, a Shareholder or any Affiliate of a Shareholder, any subsidiary undertaking or parent undertaking of a Shareholder, any other subsidiary undertaking of such a parent undertaking or any of their respective directors, officers or senior management, provided that for the purposes of this Agreement no Group Company is to be regarded as a Related Party of a Shareholder;

**"Related Party Contract"** means any contract, arrangement or transaction (i) between, on the one hand, a Group Company and, on the other hand, a Related Party; or (ii) pursuant to which a Group Company has third party rights against a Related Party;

**"Relevant Financing"** means any equity financing transaction by the Company, the sole purpose of which is the financing of the governance and operation (or proposed operation) of the Business of the Company in any New Territory;

**"Reserved Matters"** has the meaning given in Clause 11.1;

**"Restricted Entity"** means such persons as the Shareholders may agree from time to time;

**"Restricted Excluded Territory Information"** has the meaning given in Clause 3.9;

**"Restricted Party"** means any individual or entity that is:

- (a) listed on, or owned or controlled (as such terms, including any applicable ownership and control requirements, are defined and construed in the applicable Sanctions laws and regulations or in any official guidance in relation to such Sanctions laws and regulations) by a person listed on, a Sanctions List;
- (b) a government of a Sanctioned Country;
- (c) an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, a government of a Sanctioned Country;
- (d) resident in, or incorporated under the laws of, a Sanctioned Country;

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(e) otherwise a target of Sanctions,

(f) but in any such case of paragraphs (a) to (e) shall not include any individual or entity targeted only by Sectoral Sanctions;

"Restructuring" has the meaning given in Clause 15.8.4;

"ROFO Acceptance Notice" has the meaning given in 23.6;

"ROFO Acceptance Period" has the meaning given in 23.6;

"ROFO Notice" has the meaning given in Clause 23.5;

"ROFO Offer" has the meaning given in Clause 23.5.3;

"ROFR Acceptance Notice" has the meaning given in Clause 20.2;

"ROFR Period" has the meaning given in Clause 20.2;

"Roll-Over" has the meaning given in Recital (C);

"RP Claim" means any claim that a Group Company has or may have against a Related Party under or in connection with a Related Party Contract;

"Rules" has the meaning given in Clause 31.2;

"Russian Yandex Taxi Subsidiaries" means:

(a) Yandex.Taxi LLC, a limited liability company registered under the laws of the Russian Federation (under main registration number 5157746192731); and

(b) Yandex.Taxi Technology LLC, a limited liability company registered under the laws of the Russian Federation (under main registration number 1177746073328).

"Russian Subsidiaries" means each of the Russian Uber Subsidiary and the Russian Yandex Taxi Subsidiaries and any other Subsidiary of the Company incorporated in the Russian Federation from time to time;

"Russian Uber Subsidiary" means Uber Technology, LLC a limited liability company organised and existing under the laws of the Russian Federation (company number 5137746103677) and whose registered office is at 2/14 Bryusov pereulok, bldg 9, 125009, Moscow, Russian Federation;

"Sanctioned Country" means any country or other territory subject to broad economic embargo under any Sanctions, which definition, as of the date of this Agreement, includes Crimea (as defined and construed in the applicable Sanctions laws and regulations), Cuba, Iran, North Korea, Sudan and Syria but excludes the Russian Federation;

"Sanctions" means any laws or regulations relating to economic or financial sanctions or trade embargoes or related restrictive measures imposed, administered or enforced from time to time by a Sanctions Authority including, for the avoidance of doubt, any Sectoral Sanctions;

"Sanctions Authority" means (i) the United Nations Security Council; (ii) the United States government; (iii) the European Union; (iv) the United Kingdom government; and (v) the respective governmental institutions and agencies of any of the foregoing, including without limitation, the Office of Foreign Assets Control of the US Department of Treasury, the United States Department of State and Department of Commerce, and Her Majesty's Treasury;

"Sanctions List" means any of the lists of specifically designated nationals or designated or sanctioned individuals or entities (or equivalent) issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time;

"Secondary Sale" has the meaning given in Recital (B);

"Sectoral Sanctions" means any Sanctions imposed by any Sanctions Authority that do not freeze or block the assets and/or economic resources of a designated person or comprehensively freeze or block making available funds or economic resources to such designated person, but merely restrict the ability of certain individuals or entities to access financing or export or import equipment, goods, technology or services, including, for the

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avoidance of doubt, the Sanctions imposed under the Sectoral Sanctions Identification List maintained by the Office of Foreign Assets Control of the US Department of Treasury;

"**Selling Shareholder**" has the meaning given in Clause 20.1;

"**Senior Managers**" or "**Senior Management**" means the CFO, COO and CTO, in each case of the Group, and any other officers of the Group that the Parties have agreed from time to time report directly to the CEO;

"**Senior Management Candidate**" has the meaning given in Clause 4.6.1;

"**Shareholders**" means the holders of Shares from time to time, and the term "**Shareholder**" shall be construed as any one of them;

"**Shares**" means any issued and outstanding shares in the capital of the Company (of whatever class) from time to time;

"**Strategic Sale**" means a bona fide arm's length transfer to a Third Party Purchaser (or group of directly or indirectly related Third Party Purchasers) (whether through a single transaction or a series of related transactions) of all of the Shares held by the Shareholders;

"**Subsidiaries**" means the subsidiary undertakings of the Company from time to time and at the date of this Agreement includes the Russian Subsidiaries and the Operating Subsidiaries, and "**Subsidiary**" means any one of them;

"**Supervisory Board**" means the Company's supervisory board (*raad van commissarissen*) as constituted from time to time;

"**Supervisory Director**" means a member of the supervisory board of the Company from time to time;

"**Surviving Provisions**" means Clauses 1 (*Interpretation*), 23.12 - 23.13 (*Qualified IPO lock-up period*), 23.14 (*Registration Rights*), 27 (*Notices*), 29 (*Announcements and Confidentiality*), 30 (*Miscellaneous*) (except Clauses 30.1 (*Warranties*) and 30.15 (*Further Assurance*)) and 31 (*Governing law and Dispute Resolution*), 32 (*Process Agent*), paragraphs 5 and 6 of Schedule 3 (*Transfer Terms*), and Schedule 4 (*Registration Rights*);

"**Tag Along Notice**" has the meaning given in Clause 21.1;

"**Tax**" or "**Taxes**" means any federal, national, state, local or foreign net income, alternative or add-on minimum, estimated, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, capital, profits, lease, service, fringe benefits, license, withholding, payroll, employment, social security, excise, severance, stamp, occupation, premium, property, environmental, windfall profit tax, registration, capital stock, social security (or similar), unemployment, disability, customs duty or other tax of any kind whatsoever, including any governmental fee or other like assessment or charge in the nature of a tax, and unclaimed property (which for the purposes of this Agreement shall be treated as Tax), together with all interest, penalties, additions to tax and additional amounts with respect thereto.

"**Tax Authority**" means any Governmental Authority responsible for the imposition, administration, assessment, and/or collection of any Tax.

"**Territories**" means the Initial Territories and any New Territories as agreed between the Parties in accordance with this Agreement, and the term "**Territory**" shall be construed as any one of them;

"**Third Party Completion Notice**" has the meaning given in Clause 20.4.3;

"**Third Party Issue**" has the meaning given in Clause 18.8.

"**Third Party Purchaser**" means a bona fide third party purchaser who is not an Affiliate or subsidiary undertaking or parent undertaking of, or acting in concert with, any Shareholder or any of its Affiliates;

"**Transaction Agreements**" has the meaning given in the Contribution Agreement;



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"Transfer" means, with respect to any holder of Shares, to:

- (a) create or allow to subsist any Encumbrance in respect of any of its Shares or any interest in (or in respect of) any of its Shares;
- (b) create or permit to subsist any trust over any Shares;
- (c) sell, assign, transfer or otherwise dispose of or deal with, or grant any option over, any of its Shares or an interest, or a right, in (or in respect of) its Shares;
- (d) enter into any agreement or other arrangement in respect of the votes or other rights attached to, or any benefits (economic or otherwise) or privileges pertaining to, any of its Shares;
- (e) enter into any derivative or put/call arrangement referenced to any of its Shares or the rights attached to, or any benefits (economic or otherwise) or privileges pertaining to, any of its Shares; or
- (f) enter into any agreement or arrangement to do any of the foregoing,

in each case, whether directly or indirectly, with or without consideration, and whether voluntarily or involuntarily or by operation of law (and "Transferred" shall be construed accordingly);

"Transfer Notice" has the meaning given in Clause 20.1;

"Transfer Terms" means the terms set out in Schedule 3 ( *Transfer Terms* );

"Uber" means Uber and, in case of a transfer to a Permitted Affiliate pursuant to Clause 19.4, shall include that Permitted Affiliate;

"Uber Cash Contribution" has the meaning given in the Contribution Agreement;

"Uber Contribution" has the meaning given in the Contribution Agreement;

"Uber Excluded Territory" has the meaning given in Clause 3.5, and a reference to the "Uber Excluded Territories" shall mean all of them;

"Uber Excluded Territory Committee" has the meaning given in Clause 3.7.1;

"Uber Excluded Territories Subsidiary" has the meaning given in 3.8.1;

"Uber Supervisory Director" has the meaning given in Clause 6.2.2;

"Uber Newco" means Uber ML Holdco B.V., a private limited liability company ( *besloten vennootschap met beperkte aansprakelijkheid* ) incorporated under the laws of the Netherlands, having its registered office at 1017 HL Amsterdam, the Netherlands, Vijzelstraat 68, registered with the trade register of the Chamber of Commerce under number 69444692;

"Uber IPO" has the meaning given in Clause 12.6;

"Uber Trademark Licensing Agreement" means the trademark license agreement between Uber and the Company dated on or about the date hereof;

"U.S. GAAP" means generally accepted accounting principles in the United States;

"U.S. Investor" has the meaning given to it in Schedule 7;

"US Qualified IPO" means a Qualified IPO through which the Company has filed a registration statement with the SEC;

"Vendor" means the seller of any Shares in accordance with the terms of this Agreement;

"Written Request" in the context of an Escalation Matter, has the meaning given in Clause 11.4; and

"VWAP" means the volume average weighted price calculated by reference to the relevant Bloomberg screen or if not applicable or available, any price published with respect to the relevant securities by its relevant stock exchange or listing authority.

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**Principles of interpretation**

- 1.2 In this Agreement:
- 1.2.1 any reference to this Agreement includes the Schedules to it, each of which forms part of this Agreement for all purposes;
  - 1.2.2 references to this Agreement shall be construed as references also to any separate or independent stipulation or agreement contained in it;
  - 1.2.3 the contents page and headings in this Agreement are for convenience only and shall not affect its interpretation;
  - 1.2.4 references to any document (including this Agreement) or a provision of any document includes such document or provision thereof as amended or supplemented in accordance with its terms, and whether or not such other document or provisions thereof is or becomes ineffective for any reason;
  - 1.2.5 a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced, provided that, as between the Parties, no such amendment, consolidation, modification, re-enactment or replacement shall apply for the purposes of this Agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any Party;
  - 1.2.6 words in the singular shall include the plural and vice versa, and references to one gender include other genders;
  - 1.2.7 a reference to a person shall include a reference to any individual, firm, company or other body corporate, an individual's executors or administrators, Governmental Authority, unincorporated association, trust or partnership (whether or not having separate legal personality);
  - 1.2.8 a reference to a particular person shall include a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and, subject to Clauses 30.2 and 30.3, permitted assigns;
  - 1.2.9 a reference to a Clause, paragraph, Schedule (other than to a schedule to a statutory provision) or Recital shall be a reference to a clause, paragraph, schedule or recital (as the case may be) of or to this Agreement;
  - 1.2.10 if a period is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day, unless otherwise specified;
  - 1.2.11 references to any English or Russian legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England or Russia (as relevant) be deemed to include what most nearly approximates the English or Russian legal term in that jurisdiction and references to any English or Russian statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction;
  - 1.2.12 words and expressions defined in the Companies Act 2006 shall bear the same meaning as in that Act, unless expressly provided otherwise;
  - 1.2.13 references to writing shall include any modes of reproducing words in any legible form (but shall not include email unless expressly stated otherwise);
  - 1.2.14 an Event of Default "**subsists**" if it has not been waived by, or remedied to the satisfaction of, the Non-Defaulting Shareholders;
  - 1.2.15 references to documents "**in the agreed form**" or any similar expression shall be to documents agreed between the Shareholders prior to the execution of this Agreement and initialled for identification only by, or on behalf of, the Shareholders;

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- 1.2.16 references to a "director" of a Group Company is taken to mean a member of the board of directors or management board of any Group Company, but is not taken to mean a general director (sole executive body) of any Group Company;
- 1.2.17 a reference to "shares" or "share capital" includes a reference to "participation interests" and "charter capital" ;
- 1.2.18 a reference to "RUB", "RUR", "Roubles" or "Rubles" is to the lawful currency of the Russian Federation. A reference to "USD", "US\$" "\$" or "Dollars" is to the lawful currency of the United States of America. A reference to "EUR", "Euro" or "€" is to the lawful currency of the member states of the European Union that have adopted or may adopt the single currency in accordance with the legislation of the European Union for European Monetary Union;
- 1.2.19 for the purposes of determining whether a shareholding threshold is satisfied in this Agreement, a reference to a Shareholder shall include a reference to the shareholding of that Shareholder when aggregated together with the shareholdings of its Permitted Affiliate transferees;
- 1.2.20 a reference to a Shareholder is to that Shareholder or to any Permitted Affiliate transferee of its Shares (for the avoidance of doubt, from that Shareholder or otherwise) to whom its rights have been assigned in accordance with Clause 30.3;
- 1.2.21 persons "acting in concert" comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to acquire or consolidate control over Shares. Without prejudice to the general application of foregoing provisions of this Clause 1.2.21, unless the contrary is established to the reasonable satisfaction of the Shareholders acting unanimously:
- (A) a company and each of its Affiliates and subsidiary undertakings and parent undertakings will be presumed to be acting in concert;
- (B) a person and each of his connected persons (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) will be presumed to be acting in concert;
- (C) a company and each of its officers and directors will be presumed to be acting in concert;
- (D) a company and any person who (together with his Affiliates, subsidiary undertakings, parent undertakings and connected persons) exercises control (within the meaning of section 1124 of the Corporation Tax Act 2010) over such company will be presumed to be acting in concert;
- (E) a broker or other organisation providing advice in relation to any actual or proposed Transfer Notice, ROFR Acceptance Notice, Drag Along Notice, Tag Along Notice, or Third Party Completion Notice and the client of such broker or other organisation to which such advice is so provided will be presumed to be acting in concert; and
- (F) a nominee holding any Share(s) and the (actual or potential) holder(s) of the beneficial interest(s) in such Share(s) will be presumed to be acting in concert;
- 1.2.22 except where the context otherwise requires, a reference to time or the time of any day is to Moscow time on the relevant date and events stated or deemed to occur upon, or actions required to be performed by, any given date shall be deemed to occur at, or must be performed before, 5:00pm; and
- 1.2.23 references to fractional holdings of Shares shall be rounded up to the nearest whole Share.
- 1.3 The Foundation is a Shareholder solely for the purposes of Clauses 5.3 ( *Appointment and removal of Managing Directors* ), 6.6 ( *Appointment and removal of Supervisory Directors* ), 9 ( *Decisions of Shareholders of the Company* ), 11 ( *Reserved Matters* ), 19 ( *Transfers of Shares* ), 27 ( *Notices* ), 28 ( *Term* ), 29 ( *Announcement and Confidentiality* ), 30

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( *Miscellaneous* ), 31 ( *Governing Law and Dispute Resolution* ) and 32 ( *Process Agent* ) and shall have no other rights and obligations hereunder and, for the avoidance of doubt, all references to a Shareholder in this Agreement are not to be construed as references to the Foundation other than for those purposes, and the Foundation hereby waives any right (whether statutory or contractual) which would otherwise accrue hereunder but for this Clause 1.3.

1.4 The *ejusdem generis* principle of construction shall not apply to this Agreement. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words. The terms "other", "or otherwise", "whatsoever", "including", "include", "for example" and "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words accompanying those terms.

1.5 The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party by virtue of the authorship of any provisions of this Agreement.

**Several liabilities**

1.6 Save where expressly stated otherwise in this Agreement:

1.6.1 all warranties, representations, indemnities, covenants, agreements and obligations given or entered into by more than one person in this Agreement are given or entered into severally; and

1.6.2 all warranties, representations, indemnities, covenants, agreements and obligations in favour of two or more persons in this Agreement are for the benefit of them jointly and each of them severally.

**Procurement with respect to the Group**

1.7 If, under this Agreement, a Party has undertaken to another Party to procure that any Group Company shall do any act or thing, the Party in question shall not be in breach of that undertaking if:

1.7.1 in the case of any Party who nominated or voted for the appointment of a director of a Group Company, that director has exercised his votes as a director in favour of the doing of the act or thing in question;

1.7.2 in the case of any Party whose candidates comprise a majority of members of a board of directors or a management board of a Group Company, such members and members of the governing bodies of other Group Companies Controlled by such Group Company, as applicable, have exercised their votes in favour of the doing of the act or thing in question; and

1.7.3 without prejudice to Clause 2.2, that Party has exercised its voting rights (if any) and other rights as a holder of Shares or other equity participation interests in the relevant Group Company in favour of the doing of the act or thing in question,

provided that nothing in this Clause 1.7 shall require a director of a Group Company to act or vote in a manner inconsistent with his fiduciary and statutory duties as a director. The provisions of this Clause 1.7 shall apply *mutatis mutandis* to obligations to procure that any Group Company shall not do particular acts or things, so that the obligation to vote in favour or to act so as to bring about an act or thing shall be replaced by an obligation to vote against or act so as to prevent the occurrence of that act or thing.

**2. BUSINESS AND OBJECTIVES**

2.1 It is the intention of the Parties that at all times during the continuance of this Agreement the business of the Group shall be confined to the Business. For the avoidance of doubt, the Company may itself be active in the Business, or it may be principally a holding company of

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the Group, and the nature and scope of the Company's involvement (if any) in the Business may change from time to time.

- 2.2 Each Shareholder undertakes to exercise its voting and any other rights attaching to the Shares and its rights pursuant to this Agreement to:
- 2.2.1 procure that the Business is conducted by the Group:
- (A) on sound commercial profit-making principles with the aim of generating the maximum achievable maintainable profits available for distribution to the extent consistent with good business practice; and
- (B) in accordance with Applicable Laws, Articles and the Charters;
- 2.2.2 procure that the Management Board determines the general policy of the Company in the carrying on of the Business under supervision of the Supervisory Board in accordance with the express provisions of this Agreement and of the Articles; and
- 2.2.3 procure that each Group Company is operated and managed consistently with this Agreement and complies with the restrictions imposed upon it under its Charter.
3. **NEW TERRITORIES AND COMPETING OPERATIONS**
- New Territories**
- 3.1 Subject always to Clause 11 ( *Reserved Matters* ), where the Company intends or proposes to enter and operate the Business in a geographical region outside of the Initial Territories (each a " **New Territory** " and collectively the " **New Territories** "), it will provide written notice to the Shareholders of its intention in accordance with Clause 3.3 (a " **Notice of Intention** "). A Notice of Intention shall include a statement that (i) the Company is considering entering and operating the Business in a New Territory and (ii) the estimated timeframe for commencement of operations in the New Territory. For the avoidance of doubt, other than as set forth in the sub clauses (i) and (ii) above, a Notice of Intention shall not include any details about the Company's entry plans (including, but not limited to, strategy relating to the roll out of Company operations in such New Territories); provided, however, that such information as may reasonably be necessary to evaluate such Notice of Intention may be provided on a "counsel only" basis.
- 3.2 No binding decision will be made by the Management Board or the Supervisory Board regarding entry into a New Territory until such time as the Supervisory Board receives written confirmation from the Shareholders within \*\* of delivery of the Notice of Intention relating to such jurisdiction that they have reasonably co-operated with each other, including obtaining separate or joint external legal advice where considered necessary, and agreed in writing (acting reasonably) as to whether the proposed operation of the Business in a New Territory would be in compliance with all applicable anti-trust and other similar laws; provided, in the event that:
- 3.2.1 Uber or Yandex (as the case may be) does not provide a written confirmation in accordance with Clause 3.2, or otherwise engage with the Company with respect to the proposed entry into such New Territory, within \*\* of delivery of such applicable Notice of Intention, the Supervisory Board may make a binding decision to enter into such New Territory if, and only if, it receives clear, unambiguous and up-to-date advice from an independent leading international law firm duly appointed by the Company that the proposed operation of the Business in such New Territory would be in compliance with all applicable anti-trust and other similar laws; or
- 3.2.2 the Shareholders (acting reasonably) disagree or receive conflicting legal advice as to whether the proposed operation of the Business in such New Territory would be in compliance with all applicable anti-trust and other similar laws, the Supervisory Board may make a binding decision to enter into such New Territory if, and only if, it receives clear, unambiguous and up-to-date advice from an independent leading international law firm that has (i) been jointly appointed by the Shareholders (acting reasonably) and (ii) had the opportunity to review any

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- conflicting legal advice previously received by each Shareholder, that the proposed operation of the Business in such New Territory would be in compliance with all applicable anti-trust and other similar laws.
- 3.3 If Uber or Yandex (or any of their Affiliates):
- 3.3.1 is operating its own Business in the New Territory as of the date of the Notice of Intention, any Notice of Intention issued pursuant to Clause 3.1 shall be issued (to both Shareholders) no less than \*\* prior to the date of the intended commencement of operations of the Business in such New Territory; or
- 3.3.2 is not operating its own Business in the New Territory as of the date of the Notice of Intention, any Notice of Intention issued pursuant to Clause 3.1 shall be issued (to both Shareholders) no less than \*\* prior to the date of the intended commencement of operations of the Business in such New Territory.
- 3.4 Each Shareholder must promptly provide (including on an external-counsel only basis if reasonably requested) all information reasonably requested by the other Shareholder to enable the requesting Shareholder to independently undertake the analysis required to reach a view on the matters contained in Clause 3.2 and 3.2.
- 3.5 In the case of any New Territory in respect of which a Notice of Intention has been timely given pursuant to Clause 3.3 above, upon the Company (or any of its Subsidiaries) commencing operations of the Business in such New Territory, such New Territory shall become part of the Territories (and the definition of "Territories" herein shall be deemed to include such New Territory and the term of protective undertakings set out in the Deed of Covenant shall commence in respect thereof), unless:
- 3.5.1 Uber or Yandex (or any of their Affiliates) is already operating its own Business in the New Territory as of the date of the Notice of Intention; or
- 3.5.2 where Uber or Yandex (or any of their Affiliates) is not already operating its own Business in the New Territory as of the date of the Notice of Intention:
- (A) Uber or Yandex (as the case may be) has provided written notice, within \*\* of the applicable Notice of Intention, to elect to exclude such New Territory from the protective undertakings contained in the Deed of Covenant such that Uber or Yandex (or any of their Affiliates), as the case may be, may choose to independently operate its own Business or any other business in competition with the Company or any of its Subsidiaries, in such New Territory; or
- (B) Uber fails to subscribe for (and Yandex has subscribed for) or Yandex fails to subscribe for (and Uber has subscribed for), as the case may be, at least its pro rata share of any Relevant Financing in such New Territory.
- (in relation to Uber, any such New Territory being a " **Uber Excluded Territory** " and in relation to Yandex, any such New Territory being a " **Yandex Excluded Territory** ", and collectively referred to as the " **Excluded Territories** "). For the avoidance of doubt, any such New Territory referred to in Clauses 3.5.1 or 3.5.2 shall only be considered an "Excluded Territory" upon the Company (or any of its Subsidiaries) commencing operations of the Business in such New Territory.
- 3.6 Each of Uber or Yandex, as the case may be, undertakes:
- 3.6.1 in the event a Notice of Intention is given in accordance with Clause 3.3.1, to promptly upon receipt of such notice take the necessary steps and measures to establish and implement information barriers and Chinese walls to ensure that Uber or Yandex business team(s) (as the case may be) involved in day-to-day operations of Business activities in the relevant New Territory (or New Territories) are not informed or otherwise provided any information with respect to the Company's potential entry and operation of the Business in such New Territory; and

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- 3.6.2 in the event a Notice of Intention is given in accordance with Clause 3.3.2 and Uber or Yandex (as the case may be) have acted in accordance with Clause 3.5.2(A) or 3.5.2(B), to promptly take the necessary steps and measures to establish and implement information barriers and Chinese walls to ensure that Uber or Yandex business team(s) (as the case may be) involved in day-to-day operations of Business activities in the relevant New Territory (or New Territories) are not informed or otherwise provided any information with respect to the Company's potential entry and operation of the Business in such New Territory, (and, for the avoidance of doubt, involvement in day-to-day operations of Business activities, for the purpose of this Clause 3.6 includes business team(s) involved in strategy and operational planning to assess opportunities for entry and operation of the Business in New Territories).

**Excluded Territories**

- 3.7 Subject always to Clause 11 ( *Reserved Matters* ), the Supervisory Board shall have authority, by majority vote, to form two committees thereof:
- 3.7.1 one comprised exclusively of Supervisory Directors other than Uber Supervisory Directors (the " **Uber Excluded Territories Committee** "), and to delegate to such Uber Excluded Territories Committee all authority of the Supervisory Board to take all actions and decisions of the Supervisory Board in respect of the Business of the Company and its Subsidiaries in the Uber Excluded Territories; and
- 3.7.2 one comprised exclusively of Supervisory Directors other than Yandex Supervisory Directors (the " **Yandex Excluded Territories Committee** "), and to delegate to such Yandex Excluded Territories Committee all authority of the Supervisory Board to take all actions and decisions of the Supervisory Board in respect of the Business of the Company and its Subsidiaries in the Yandex Excluded Territories.
- 3.8 Subject always to Clause 11 ( *Reserved Matters* ), and notwithstanding anything to the contrary in this Agreement, the Company (or any of its Subsidiaries) shall, and Uber or Yandex (as the case may be) shall procure that the Company (or any of its Subsidiaries) shall, form or incorporate a new and separate Subsidiary (whether or not wholly-owned by the Company) in any Excluded Territory solely for the purposes of operating the Business in such Excluded Territory (the " **Excluded Territories Subsidiaries** ") and, for the avoidance of doubt, where such Subsidiary is formed or incorporated in a:
- 3.8.1 Uber Excluded Territory, it shall be an Uber Excluded Territories Subsidiary and Uber shall not have any governance rights or obligations with respect to such Uber Excluded Territories Subsidiary; and
- 3.8.2 Yandex Excluded Territory, it shall be a Yandex Excluded Territories Subsidiary and Yandex shall not have any governance rights or obligations with respect to such Yandex Excluded Territories Subsidiary.
- 3.9 Subject to Clause 11 ( *Reserved Matters* ), and notwithstanding anything to the contrary in this Agreement or the Articles, the Company shall not, and shall cause its Subsidiaries not to:
- 3.9.1 in the case of an Uber Excluded Territory, provide to Uber or the Uber Supervisory Directors any non-public information, access to records or facilities, or audit or inspection rights (including, for the avoidance of doubt, any financial information or audit rights Uber may otherwise be entitled to in accordance with Clauses 12.3 to 12.13 ( *Information* ) inclusive and Clauses 12.14 and 12.15 ( *Audit rights* )), relating solely to the operations of the Company and its Subsidiaries in the Uber Excluded Territories; and
- 3.9.2 in the case of a Yandex Excluded Territory, provide to Yandex or the Yandex Supervisory Directors any non-public information, access to records or facilities, or audit or inspection rights (including, for the avoidance of doubt, any financial information or audit rights Yandex may otherwise be entitled to in accordance with Clauses 12.3 to 12.13 ( *Information* ) inclusive and Clauses 12.14 and 12.15 ( *Audit* ))

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rights)), relating solely to the operations of the Company and its Subsidiaries in the Yandex Excluded Territories.

Information that is restricted in accordance with this Clause 3.9 shall, for the purposes of Clause 3.12 below, be referred to as the " **Restricted Excluded Territory Information** ".

- 3.10 The restrictions in Clause 3.9 shall not apply to such information, access or rights solely to the extent necessary for Uber or the Uber Supervisory Directors, on the one hand, or Yandex or the Yandex Supervisory Directors, on the other, as applicable, to (i) monitor and ensure compliance with Corruption Laws, the Anti-Corruption Compliance Programme and applicable Sanctions and (ii) comply with its or their obligations under this Agreement and any Applicable Law.
- 3.11 The Company shall, and Uber and Yandex shall procure that the Company shall, take such steps and measures to establish and implement such policies and procedures, including information barriers and Chinese walls, as are necessary to ensure that Uber and the Uber Supervisory Directors, on the one hand, or Yandex or the Yandex Supervisory Directors, on the other, as applicable, do not receive any information, access to records or facilities, or audit or inspection rights in contravention of Clause 3.9.
- 3.12 Notwithstanding Clause 3.9, the financial position and results of operations of the Company in the Excluded Territories shall be included in the consolidated financial statements of the Company and each of Uber and Yandex shall be entitled to receive such consolidated financial statements of the Company in accordance with Clauses 12.3 to 12.13 ( *Financial Matters and Information* ) inclusive, subject to appropriate redactions made in respect of the Excluded Territories (as applicable).
- 3.13 Without prejudice to Clauses 3.10 and 3.12, to the extent any Restricted Excluded Territory Information also relates to the business of any Group Company operating the Business in a Territory that is not an Excluded Territory (the " **Non-Restricted Information** " ), the Company will use (and will cause its Subsidiaries to use) reasonable best efforts to separate such Non-Restricted Information from the Restricted Excluded Territory Information so that the Non-Restricted Information can be shared with Uber or Yandex (as applicable) or, to the extent such Restricted Excluded Territory Information is not reasonably separable, will provide such Restricted Excluded Territory Information in redacted form or will otherwise provide access to Uber or Yandex (as applicable) to the portion of the Restricted Excluded Territory Information comprised of Non-Restricted Information only.
- 3.14 Notwithstanding anything contained herein to the contrary, in the event that the Company abandons or ceases operating the Business in an Excluded Territory, the rights, obligations and restrictions applicable to such Excluded Territory contained in Clauses 3.7 to 3.13 (inclusive) shall cease to apply on and from the date that the Company abandons or ceases operating the Business in such Excluded Territory.
- Competing operations following expiry of the Deed of Covenant**
- 3.15 In the event that Uber or Yandex proposes to operate a Business, or any other business, that competes with the Business being operated by the Company or any of its Subsidiaries, in any of the Territories following expiration of the applicable protective undertaking periods in the Deed of Covenant, Uber or Yandex (as applicable) shall provide the Company with written notice of its intention to do so at least \*\* to the intended date of commencement of operations in such Territory or Territories (as applicable).
- 3.16 In the event that a notice is provided to the Company in accordance with Clause 3.15 by:
- 3.16.1 Uber (or any of its Affiliates), the Territory or Territories (as applicable) covered by the notice so delivered shall become an Uber Excluded Territory; and
- 3.16.2 Yandex (or any of its Affiliates), the Territory or Territories (as applicable) covered by the notice so delivered shall become a Yandex Excluded Territory,
- (and such definitions herein shall be deemed to be amended to include such Territory or Territories (as applicable)) and the provisions applicable to Excluded Territories contained in



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Clauses 3.7 to 3.13 shall be applicable to such Territory or Territories covered by the relevant notice (as applicable).

4. **MANAGEMENT AND GOVERNANCE OF THE GROUP**

**Management and supervision of the Group**

- 4.1 Without prejudice to the decision-making powers of the Shareholders expressly set out in this Agreement, the Shareholders agree that the management of the Group, under the supervision of the Supervisory Board, shall be performed by, as the case may be:
- 4.1.1 the Management Board;
  - 4.1.2 the management bodies of each Subsidiary;
  - 4.1.3 the persons fulfilling the role that is equivalent to the chief financial officer of the Group, which on the date of this Agreement is Stanislav Drozdik (the " CFO ");
  - 4.1.4 the persons fulfilling the role that is equivalent to the managing director for growth and strategy, including the duties of chief marketing officer of the Group, which on the date of this Agreement is Daniil Shuleiko (the " COO "); and
  - 4.1.5 the persons fulfilling the role that is equivalent to the chief technology officer of the Group, which on the date of this Agreement is Andrey Egunov (the " CTO ");
- in each case in accordance with this Agreement, the Articles and the Charters.

**Management of the Subsidiaries**

- 4.2 The Shareholders agree that the management of each Subsidiary shall be performed by:
- 4.2.1 the general meeting of its shareholders or participants (as the case may be);
  - 4.2.2 its general director (in the case of the Russian Subsidiaries and any other Subsidiaries incorporated in the Russian Federation);
  - 4.2.3 its board of directors (in the case of the Operating Subsidiaries and any other Subsidiaries incorporated outside the Russian Federation from time to time); and
  - 4.2.4 its board of directors (in the case of the Excluded Territories Subsidiaries and any other Subsidiaries incorporated in the Excluded Territories from time to time),
- in each case in accordance with this Agreement and the relevant Charter.
- 4.3 The Company shall, and the Shareholders shall procure that the Company shall, in each case subject to Clause 11 ( *Reserved Matters* ):
- 4.3.1 exercise control over the Subsidiaries by directly and indirectly (through other Subsidiaries) exercising its voting rights as a shareholder or participant (as the case may be) in the Subsidiaries and by directly and indirectly (through other Subsidiaries) appointing the directors or general directors of the Subsidiaries (in each case, where applicable);
  - 4.3.2 procure that each Subsidiary promptly takes all actions and decisions necessary in order to implement decisions made by its direct or indirect parent undertakings (including the Company); and
  - 4.3.3 subject to Clause 5, procure that if it becomes aware that any Subsidiary or any officer or employee of any Group Company is taking or has taken any action or decision in contravention of the requirements of Clauses 4.3.2 or 11, each Group Company shall as soon as reasonably practicable take such reasonable action as is necessary to correct such action or decision including, if applicable, removing from office any officer or employee of such Group Company responsible for the taking of such contravening action or decision.

**Appointment and removal of Senior Management**

- 4.4 Subject to Clause 11 ( *Reserved Matters* ) and Clauses 4.5 to 4.8 (inclusive), the Management Board shall be responsible for the appointment of the CFO, COO or CTO (each a " Senior Manager " and collectively the " Senior Management ") of the Group.

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- 4.5 Each Senior Manager shall have such authority as the Management Board may from time to time delegate to them via a power of attorney.
- 4.6 Prior to any appointment made pursuant to Clause 4.4, Uber shall be entitled to:
- 4.6.1 receive, with at least \*\* notice, the names and details (including resume and times and dates of any interview) of any candidate(s) being considered, pursued or interviewed by the Management Board for appointment to any Senior Management position (a "Senior Management Candidate");
- 4.6.2 be represented in at least one interview with any final Senior Management Candidate proposed to be appointed; and
- 4.6.3 make recommendations to the Management Board as to the suitability of any Senior Management Candidate.
- 4.7 The Company undertakes to reasonably consider the recommendations made by Uber in accordance with Clause 4.6.3.
- 4.8 Unless otherwise agreed in writing by the Shareholders, each of the Company and Yandex undertakes to procure that any person appointed to Senior Management:
- 4.8.1 must have the appropriate skills, qualifications and experience required of a member of Senior Management having regard to the nature of the Business and the size of the Group; and
- 4.8.2 must not be related to (A) any member of the existing Senior Management of the Group or (B) any member of the senior management of Yandex (or any of its Affiliates).
- 4.9 Subject to Clause 11 ( *Reserved Matters* ), the remuneration (including any bonus or any profit sharing, share option or other incentive scheme or any equity-linked remuneration scheme) of the Senior Managers shall be determined by the Management Board, under the supervision of the Supervisory Board (or any compensation committee thereof), in accordance with the global market standards for such role from time to time.
- 4.10 Uber shall be entitled to receive prior written notice, within a reasonable period, of any intention or decision by the Management Board to terminate the service or employment contract of any Senior Manager and shall be entitled to make recommendations to the Management Board in relation to the proposed termination, such recommendation to be reasonably considered by the Management Board.
- Relationship of this Agreement and Articles and Charters**
- 4.11 If, during the continuance of this Agreement, there is any conflict between the provisions of this Agreement and of the Articles or the Charters, then as between the Shareholders, during such period, the provisions of this Agreement shall prevail to the extent permitted by Applicable Law and Yandex and Uber shall work together to procure the relevant amendment to the Articles or the Charters that ensures consistency between the Articles or the Charters and this Agreement if so required.
- 4.12 For the avoidance of doubt, Uber and the Company shall take all necessary actions and steps to give effect to the provisions of this Agreement with respect to the United Excluded Territories. This shall include, but not be limited to, (i) the exercise of voting (and any other rights pursuant to the terms of this Agreement) in a manner that will allow each of the Subsidiaries to obtain all necessary resolutions with respect to the United Excluded Territories, and (ii) refraining from any actions which may block the passing of such necessary resolution(s) with respect to the United Excluded Territories.
- Administrator**
- 4.13 The Company and the Shareholders agree that, upon Completion, Alex de Cuba shall perform certain administrative and corporate services on behalf of the Company, such services to include maintenance of the Company's register but (unless otherwise agreed by Yandex and Uber, acting together) to exclude provision of a registered address to the Company. For so long as Yandex and Uber each hold more than \*\* of their Initial Proportions

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(respectively), the Company shall be entitled to appoint, remove and replace an administrator or corporate service provider if Yandex and Uber (acting reasonably) so request jointly in writing.

5. **THE MANAGEMENT BOARD**

**Role of the Management Board**

5.1 The Management Board shall be charged with the management of the business and affairs, the administration and the representation of the Company, subject to the provisions in this Agreement and the Articles. In carrying out its duties, the Management Board shall be guided by the best interests of the Company and its business, including its stakeholders. All powers not expressly reserved for the Management Board or the Supervisory Board by Dutch Civil Code or the Articles or this Agreement fall to the Shareholders' general meeting.

5.2 The Company shall have a Management Board composed of two managing directors (*bestuurders*) (the " **Managing Directors** ", each a " **Managing Director** "). One of the Managing Directors shall be the chief executive officer (the " **CEO** ") and may be a non-resident of the Netherlands and the other Managing Director shall be an individual who is a resident in the Netherlands (the " **Dutch Director** "). In the event that a Dutch Director no longer has his place of residence in the Netherlands, he shall forthwith inform the Management Board thereof. Only natural persons may be a Dutch director.

**Appointment, removal and remuneration of Managing Directors**

5.3 Yandex shall be entitled to nominate, remove or replace (as the case may be) the CEO and Dutch Director by written notice to the Company and Yandex and Uber shall procure that the persons so nominated from time to time are appointed, removed or replaced (as the case may be) as CEO and Dutch Director, provided that the rights and obligations of the Company, Yandex and Uber contained in Clauses 4.6, 4.7, 4.8 and 4.10 with respect to appointment of Senior Managers shall apply, *mutatis mutandis*, to the appointment of the CEO and Dutch Director.

5.4 The CEO and Dutch Director shall be appointed by Shareholders at a Shareholders' general meeting and, for the avoidance of doubt, each of Yandex, Uber and the Foundation shall be entitled to vote its Shares in respect of such appointment.

5.5 Subject to Clause 11 ( *Reserved Matters* ), the remuneration (including any bonus or any profit sharing, share option or other incentive scheme or any equity-linked remuneration scheme) of the Managing Directors shall be determined by the Supervisory Board (or any compensation committee thereof) in accordance with the global market standards for such role from time to time.

**Meetings**

5.6 Management Board meetings shall be held in person at the head offices of the Company, unless in exceptional circumstances an alternative location is determined in advance by the CEO provided that no Management Board meetings are held in the United Kingdom. Management Board meetings shall be held monthly, unless the Management Board decides otherwise. In addition, the Management Board shall meet at the request of any of its Managing Directors. Management Board meetings will be convened by the CEO giving \*\* prior notice, or such shorter period if, at the sole discretion of the CEO, the circumstances so require. Together with the notice of the meeting, an agenda shall be sent stating the items which shall be discussed at such meeting, accompanied by supporting documents relating to such items, if any.

**Conflicts of interest**

5.7 A Managing Director who has a Conflict of Interest shall immediately report this to the other Managing Director, the Supervisory Directors and the Shareholders. Such Managing Director will make himself available to provide all information relevant to the Conflict of Interest to the other Managing Director, the Supervisory Directors and the Shareholders.

5.8 In the event of a Conflict of Interest referred to in Clause 5.7, the number of Managing Directors required to validly deliberate and vote will not be met and, accordingly, the

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Management Board shall be required to submit the decision on such matter to the Supervisory Directors.

**Decision-making**

- 5.9 Decisions of the Management Board can only be validly taken in a meeting where all Managing Directors are present in person.
- 5.10 Subject always to Clause 11 ( *Reserved Matters* ), decisions of the Management Board shall have been validly passed when all votes are cast in favour.
- 5.11 In the event of a tied vote at a Management Board meeting, the proposed resolution shall be rejected and the status quo preserved.
- 5.12 A resolution of the Management Board may, instead of at a meeting, be passed in writing, which shall include an electronic message and a message transmitted by any other accepted means of communication, provided that such message can be printed.

**Representation at Management Board meetings**

- 5.13 Any Managing Director shall be entitled to appoint the other Managing Director as his proxy by power of attorney who will be entitled in the absence of his appointor to do all the things which his appointor is authorised or empowered to do and with the same number of votes as his appointor, provided the authorisation is granted in respect of (i) specific transaction(s) or (ii) limited in time or scope with due observance of Clause 5.6.

**6. THE SUPERVISORY BOARD**

**Role of the Supervisory Board**

- 6.1 The Supervisory Board shall be charged with the supervision of the Management Board and the Company's business. The Supervisory Board shall also assist the Management Board by providing advice. In carrying out their duties, the Supervisory Directors shall be guided by the best interests of the Company and its business, including its stakeholders.

**Appointment and removal of Supervisory Directors**

- 6.2 Unless otherwise agreed by the Shareholders as a Reserved Matter, the Supervisory Board shall have a maximum of \*\* members, of whom:

6.2.1 Yandex shall be entitled, for so long as Yandex (together with its Permitted Affiliates) holds:

- (A) \*\* or more of its Initial Proportion, to nominate \*\* Supervisory Directors to the Supervisory Board;
- (B) at least \*\* but less than \*\* of its Initial Proportion, to nominate \*\* Supervisory Directors to the Supervisory Board;
- (C) at least \*\* but less than \*\* of its Initial Proportion, to nominate \*\* Supervisory Directors to the Supervisory Board; and
- (D) at least \*\* but less than \*\* of its Initial Proportion, to nominate \*\* Supervisory Director to the Supervisory Board.

by notice to the Company (each a " **Yandex Supervisory Director** "), provided that the failure by Yandex to nominate its Yandex Supervisory Directors shall not be deemed to be a waiver by Yandex of its right to nominate any of its Yandex Supervisory Directors at any time; and

6.2.2 Uber shall be entitled, for so long as Uber (together with its Permitted Affiliates) holds:

- (A) \*\* or more of its Initial Proportion, to nominate \*\* Supervisory Directors to the Supervisory Board;
- (B) at least \*\* but less than \*\* of its Initial Proportion, to nominate \*\* Supervisory Directors to the Supervisory Board; and

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- (C) at least \*\* but less than \*\* of its Initial Proportion, to nominate \*\* Supervisory Director to the Supervisory Board, by notice to the Company (each a " **Uber Supervisory Director** " and together with the Yandex Supervisory Directors, the " **Nominee Supervisory Directors** " and each an " **Nominee Supervisory Director** "), provided that the failure by Uber to nominate its Uber Supervisory Directors shall not be deemed to be a waiver by Uber of its right to nominate any of its Uber Supervisory Directors at any time.
- 6.3 To the extent that the number of Nominee Supervisory Directors nominated by Yandex or Uber from time to time exceeds their entitlement under Clauses 6.2.1 and 6.2.2 (respectively), Yandex or Uber (as applicable) shall procure that such excess number of Nominee Supervisory Director(s) is/are removed in accordance with this Clause 6 and the number of Nominee Supervisory Directors of the Supervisory Board shall be correspondingly reduced.
- 6.4 Subject to Clause 11 ( *Reserved Matters* ), and notwithstanding Clause 6.2, one third party investor as determined by the Supervisory Board (" **Third Party Investor** ") may (with effect from the completion of its investment in the Company) nominate an additional Supervisory Director to the Supervisory Board on one occasion, provided that such Supervisory Director shall not be a representative of, or otherwise affiliated with, a Restricted Entity.
- 6.5 In nominating persons to be appointed as Nominee Supervisory Directors in accordance with clauses 6.2.1 and 6.2.2, each of Yandex and Uber shall appoint as a Yandex Supervisory Director and Uber Supervisory Director (respectively) at least one person that shall be an individual who is resident in the Netherlands for tax purposes.
- 6.6 Yandex and Uber shall procure that the persons so nominated from time to time are appointed as Supervisory Directors. For the purposes of this Agreement, a Supervisory Director shall be deemed to have been appointed by a Shareholder if he or she is appointed as a Supervisory Director following his nomination for appointment to the Supervisory Board by the relevant Party as contemplated by this Clause 6.
- 6.7 The Supervisory Directors shall be appointed by Shareholders at a Shareholders' general meeting and, for the avoidance of doubt, each of Yandex, Uber and the Foundation shall be entitled to vote its Shares in respect of such appointment.
- 6.8 Each Shareholder may require any Supervisory Director nominated by it to be removed or replaced by written notice to the Company. The Shareholders shall procure that any such removal or replacement shall be made in accordance with this Agreement and the Articles as soon as practicable after the relevant notice is delivered to the Company. Any Supervisory Director nominated by a Shareholder under this Clause 6 may be removed or replaced only in accordance with this Clause 6.
- 6.9 In the event of a vacancy on the Supervisory Board as a result of the death or resignation of any Supervisory Director or otherwise (including if a person is, or becomes, ineligible to be a Supervisory Director under Applicable Law or any provision of the Articles), the Shareholders shall use their best endeavours to ensure, insofar as they are able, that no person is appointed to fill such vacancy except following appointment in accordance with this Clause 6 by the Shareholder that appointed the Supervisory Director whose office shall have become vacant.
- 6.10 The Shareholder requiring a Supervisory Director to be removed in accordance with Clause 6.6 shall indemnify and hold harmless the Company for any liability arising from any such removal.
- 6.11 The Company shall promptly take such steps as are necessary in relation to any appointment or removal of any Supervisory Director under this Agreement, including to effect all relevant changes to the trade register of the Chamber of Commerce.
- 6.12 Each individual appointed pursuant to this Clause 6 shall be appointed for an indefinite term subject to the terms of this Agreement, the Dutch Civil Code and the Articles, unless removed or unless they resign in accordance with the terms of this Agreement or the Articles. Where the law provides for a maximum term of office, the Shareholders shall take all necessary

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actions to renew such appointment (unless such Supervisory Director is otherwise dismissed or resigns in accordance with the terms of this Agreement or the Articles) prior to the expiry of the term of office of such Supervisory Director.

**Chairman**

- 6.13 Yandex shall nominate the Chairman of the Supervisory Board, and the Shareholders shall procure that the Supervisory Directors shall elect such person to act as the Chairman of the Supervisory Board. The Chairman of the Supervisory Board shall not have a second or casting vote or any other special voting powers.

**Remuneration**

- 6.14 The Supervisory Directors shall not be entitled to receive fees or remuneration from the Company in their capacity as supervisory directors of the Company or otherwise in connection with the performance of their duties as Supervisory Directors, except (if applicable) as may otherwise be agreed in writing by the Shareholders. The determination of any issues related to the remuneration of Supervisory Directors in their capacity as directors shall fall within the competence of the Shareholders.

**Confidentiality**

- 6.15 Subject to Clause 12.12, each Shareholder shall procure that any Supervisory Director appointed by it in accordance with this Clause 6 shall keep confidential (as contemplated by Clauses 29.4 to 29.6) all information which such Supervisory Director receives about the Group and the Business or the Shareholders or their Affiliates or subsidiary undertakings or parent undertakings.

**Representation**

- 6.16 Any Supervisory Director shall be entitled to appoint another Supervisory Director as his proxy (by power of attorney disclosed to the Supervisory Board prior to the applicable meeting of the Supervisory Board and a Supervisory Director may be appointed as an proxy by more than one other Supervisory Director) who will be entitled in the absence of his appointor to do all the things which his appointor is authorised or empowered to do and with the same number of votes as his appointor, under the condition however that at least two Supervisory Directors are present at the meeting. For the avoidance of doubt, a Supervisory Director who is also a proxy shall be entitled, in the absence of his appointor (1) to cast a separate vote(s) on behalf of his appointor in addition to his own vote(s) and (2) to be counted as part of the quorum of the Supervisory Board on his own account and in respect of the Supervisory Director(s) for whom (s)he is the proxy.

**7. MEETINGS OF THE SUPERVISORY BOARD**

**Supervisory Board Meetings**

- 7.1 Supervisory Board meetings shall be held at least quarterly and otherwise as frequently as needed in the Netherlands and if such meetings are to be held elsewhere, they shall not consistently be held in one other jurisdiction (not being the Netherlands) but in that case rotate among more jurisdictions with the majority of such meetings in any calendar year to be held in the Netherlands.
- 7.2 Any Supervisory Director shall be entitled to require the Company to convene a meeting of the Supervisory Board by giving written notice to the Company in which case the Company shall ensure that such meeting is promptly called in accordance with the provisions of this Agreement and the Articles. At least \*\* written notice shall be given to each of the Supervisory Directors and each Shareholder of all Supervisory Board meetings (unless all the Supervisory Directors agree in writing to shorter notice).
- 7.3 Each notice of a Supervisory Board meeting shall be sent to each Supervisory Director and each Shareholder that has nominated (or is entitled to nominate) a Supervisory Director and shall:
- 7.3.1 specify a reasonably detailed agenda of the matters to be discussed at the meeting including all matters to be submitted for approval;

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7.3.2 be accompanied by any relevant supporting documents; and

7.3.3 be sent by email, and may be supplemented by copies sent by courier.

Any matter not on the agenda and described in reasonable detail may not be raised at the meeting unless all the Supervisory Directors agree.

7.4 Meetings of the Supervisory Board shall be held in-person in the Netherlands, unless in exceptional circumstances (i) an alternative location is determined in advance by the Chairman and provided that no meetings will be held in the United Kingdom or (ii) it is determined that the meeting will be held by a conference call/video conference between Supervisory Directors some of whom are in different places and provided further that no Supervisory Director participates from the United Kingdom and each Supervisory Director who participates is able to hear each of the other participating Supervisory Directors addressing the meeting, and, if he so wishes, to address all of the other participating Supervisory Directors simultaneously, whether directly, by conference telephone or by any other form of communications equipment (including web based conferencing) or by a combination of those methods. Participation in such a meeting by conference call/video-conference shall constitute attendance and presence at such meeting. A meeting held as described in this Clause 7.4 shall be deemed to be held at the registered office of the Company in the Netherlands.

7.5 Save in relation to a Reserved Matter, decisions taken outside formal Supervisory Board meetings (other than pursuant to Clause 7.11) shall, before going into effect, be ratified in a formal Supervisory Board meeting organised in accordance with 7.1.

7.6 The Shareholders shall use their reasonable endeavours to ensure that Supervisory Directors appointed or requested to be appointed by them attend Supervisory Board meetings that are convened in accordance with Clause 7.1.

**Quorum**

7.7 Unless otherwise specified in this Agreement the quorum for a Supervisory Board meeting shall be satisfied if at least four Supervisory Directors (including if any Yandex Supervisory Directors have been appointed at the relevant time, at least one Yandex Supervisory Director and, if any Uber Supervisory Directors have been appointed at the relevant time, at least one Uber Supervisory Director) are present (or represented by Proxy in accordance with Clause 6.16) and entitled to vote at the time the relevant business is transacted.

7.8 If a quorum is not present within 90 minutes of the time appointed for the meeting (or ceases to be present for 90 minutes), the meeting shall be adjourned to be held \*\* later at the same time and place (unless all Supervisory Directors agree otherwise). Without prejudice to Clause 11 ( *Reserved Matters* ), the quorum at such adjourned meeting shall be as set out in Clause 7.7.

7.9 Supervisory Directors shall be regarded as present for quorum purposes if represented in accordance with Clause 6.16.

**Voting at Supervisory Board meetings**

7.10 Each Supervisory Director shall have one vote (except that, for the avoidance of doubt, a Supervisory Director who is representing another Supervisory Director shall be entitled to exercise both his own vote and the vote of the other Supervisory Director that he represents).

7.11 Save in relation to a Reserved Matter that is considered by the Supervisory Board, all business arising at any Supervisory Board meeting shall be determined by resolution passed by a majority of the total votes of all Supervisory Directors present, entitled to vote and voting. Notwithstanding the foregoing, decisions of the Supervisory Board may also be taken without a meeting, without prior notice, and without a vote, by unanimous written resolution unless prohibited under the Articles and Applicable Law.

7.12 If there is a tie of votes in a vote taken in relation to the resolutions of the Supervisory Board, the proposal shall be deemed to be rejected.

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- 7.13 The Shareholders shall ensure that the Company shall maintain its corporate seat, corporate registration and principal business address (including amongst others its administration, bookkeeping and main bank accounts) in the Netherlands.
- 7.14 The Company shall procure that minutes are prepared of each Supervisory Board meeting as soon as reasonably practicable following each Supervisory Board meeting and circulated to all Supervisory Directors for signature by at least one Yandex Supervisory Director and one Uber Supervisory Director.
- Committees**
- 7.15 The Supervisory Directors may by majority resolution delegate any of their powers (except in relation to any Reserved Matter, which must be made by the Supervisory Board to a committee consisting of at least three Supervisory Directors, of whom:
- 7.15.1 Yandex shall be entitled, for so long as Yandex holds:
- (A) at least \*\* of its Initial Proportion, to nominate the majority of members to the committee; and
- (B) at least \*\* but less than \*\* of its Initial Proportion, to nominate at least one (1) member to the committee; and
- 7.15.2 Uber shall be entitled, for so long as Uber maintains at least \*\* of its Initial Proportion, to nominate at least one (1) member to the committee.
- 7.16 A committee constituted in accordance with Clause 7.15 may include, without limitation a:
- 7.16.1 compensation committee;
- 7.16.2 audit committee;
- 7.16.3 nominations committee;
- 7.16.4 compliance committee;
- 7.16.5 Uber Excluded Territories Committee; and
- 7.16.6 Yandex Excluded Territories Committee.
- 7.17 Decisions of a committee shall be taken by majority resolution, subject to compliance with the Reserved Matters as set out in Schedule 2 of this Agreement.
- 7.18 Save as otherwise agreed by the Shareholders or specified in Clause 7.15, the provisions of this Agreement and the Articles with respect to the regulation of meetings of the Supervisory Board shall apply, *mutatis mutandis*, to meetings of any committee.
- Observers**
- 7.19 Subject to Clause 11 (*Reserved Matters*), the Company may invite up to \*\* representatives nominated in writing by Yandex and up to \*\* representative nominated by Uber, from time to time (an "Observer"), to attend all meetings of the Supervisory Board, any committee constituted in accordance with Clause 7.15, and all meetings of the board of directors or other executive bodies of any Subsidiary (as applicable), in a non-voting observer capacity. In addition to inviting an Observer to attend all such meetings, the Company (or the relevant Subsidiary) shall give an Observer copies of all notices, minutes, consents, and other materials that it provides to its Supervisory Directors, members of executive bodies or committee members (as the case may be) at the same time as such documents are provided to such persons.
- 7.20 Notwithstanding Clause 7.19, the Supervisory Board shall exclude any Observer from access to any meeting or any portion thereof if the Supervisory Board reasonably believes that (a) such exclusion is reasonably necessary to satisfy its fiduciary duties, to preserve attorney-client privilege or to protect highly confidential proprietary information, (b) there is, or is reasonably likely to be, a conflict of interest between the Group, on the one hand, and such Observer, on the other hand, with respect to matters to be discussed or actions to be taken at such meeting, or (c) such Observer is a representative or otherwise affiliated with a



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Restricted Entity or otherwise a competitor of the Company or any of its Subsidiaries, or for other similar reasons.

- 7.21 Subject to Clause 12.12, each Shareholder shall procure that any Observer nominated by it in accordance with Clause 7.19 shall:
- 7.21.1 keep confidential (as contemplated by Clauses 29.4 to 29.6) all information which they receive about the Group and the Business or the Shareholders or their Affiliates or subsidiary undertakings or parent undertakings; and
  - 7.21.2 enter into a confidentiality agreement with the Company on terms which are consistent with and not less restrictive than the confidentiality provisions of this agreement and those applicable to the Supervisory Directors, including without limitation provisions that shall not prejudice legal privilege or give rise to any regulatory or anti-trust issues for the Group.

**Recusal**

- 7.22 Each Shareholder and any Nominee Supervisory Director shall be entitled to recuse itself (and abstain from voting) in relation to any meeting where such meeting will address a matter relating to Sanctions or a Restricted Party by prior written notice to the other Shareholders or Supervisory Directors (as applicable) specifying the relevant matter. Following such written notice, the relevant meeting shall only be entitled to address the issue in relation to which the relevant person recused itself (for which purposes, if otherwise required, the presence of the person who has recused itself shall not be required for the meeting to be quorate and the vote of such person shall not be required to approve measures or actions in respect of such issue) and all other matters shall be postponed to a separate meeting.

**Conflicts of interest**

- 7.23 A Supervisory Director who has a Conflict of Interest shall immediately report this to the other Supervisory Directors and the Shareholders. He will make himself available to provide all information relevant to the Conflict of Interest to the other Supervisory Directors and the Shareholders, but he may not participate in the discussions and the decision making process with respect to the subject matter to which the conflict pertains.
- 7.24 A Supervisory Director who serves as supervisory director, officer or employee of any company or firm with which the Company (or other Group Company, as applicable) shall contract or otherwise engage in business shall not, solely by reason of such affiliation with such other company or firm, be held as having a Conflict of Interest for the purpose of Clause 7.23.
- 7.25 Where, by reason of a Conflict of Interest, the number of Supervisory Directors required in order to validly deliberate and vote is not met, the Supervisory Board may decide to submit the decision on this specific item to the Shareholders' general meeting. This Clause 7.25 and Clause 7.23 are without prejudice to Clauses 11.8 and 11.9.

**Tax matters**

- 7.26 The Parties will take reasonable measures to ensure that the Company will at all times be compliant with Dutch law and regulations that have an effect on the tax position of the Company.

**8. INDEMNIFICATION OF MANAGING DIRECTORS AND SUPERVISORY DIRECTORS, INSURANCE AND ADVANCEMENT OF EXPENSES**

The Shareholders acknowledge and agree that the indemnification and advancement agreements in respect of each Managing Director and Supervisory Director shall provide for the following (and, for the avoidance of doubt, if there is any conflict between this Clause 8 and any indemnification and advancement agreement in respect of each Managing Director and Supervisory Director, then the provisions of this Clause 8 shall prevail to the extent permitted by Applicable Law):

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- 8.1 The Managing Directors and Supervisory Directors nominated by the Shareholders may have certain rights to indemnification, advancement of expenses and/or insurance provided by the applicable Shareholder that nominated them, which are intended to be secondary to the primary obligation of the Company to indemnify such Managing Directors and Supervisory Directors as provided herein. Notwithstanding anything contained herein to the contrary, the Company:
- 8.1.1 shall be the indemnitor of first resort (i.e., its obligations to such Managing Directors and Supervisory Directors are primary and any obligation of any Shareholder to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Managing Directors and Supervisory Directors are secondary);
- 8.1.2 shall be required to advance the full amount of expenses incurred by such Managing Directors and Supervisory Director and shall be liable for the full amount of all expenses, liabilities and losses reasonably incurred or suffered by such Managing Directors and Supervisory Directors to the extent legally permitted and as required by the terms of this Agreement (or any other agreement between the Company and such Managing Director or Supervisory Director), without regard to any rights such Managing Directors and Supervisory Directors may have against any Shareholder; and
- 8.1.3 hereby irrevocably waives, relinquishes and releases each Shareholder from any and all claims against such Shareholder for contribution, subrogation or any other recovery of any kind in respect thereof. No advancement or payment by any Shareholder on behalf of any Managing Director and Supervisory Director nominated by such Shareholder with respect to any claim for which such Managing Director or Supervisory Director has sought indemnification from the Company shall affect the foregoing, and the Shareholders shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Managing Director and Supervisory Director against the Company.
- 8.2 Upon Completion and thereafter upon the request of a Shareholder whose Equity Proportion is at least \*\*, the Company and the relevant Group Company shall:
- 8.2.1 obtain directors' and officers' liability insurance (" **D&O Insurance** ") for the benefit of the Managing Director(s) and Supervisory Director(s) nominated by such Shareholder (as required by the requesting Shareholder) on customary terms that are satisfactory to that requesting Shareholder (acting reasonably) and, in any case, no less favourable than would be applicable to the Managing Directors and Supervisory Directors in their capacity as directors of any Yandex or Uber group company (as applicable) provided that such terms are available in the market of the relevant jurisdiction in which the D&O Insurance is obtained; and
- 8.2.2 terminate or renew any such D&O Insurance on the same or varied terms as are satisfactory to that requesting Shareholder (acting reasonably).
- 8.3 The Company shall be responsible for all costs and expenses of such D&O Insurance (including any amounts payable upon a termination or renewal requested pursuant to this Clause 8). Expenses incurred by Managing Director(s) and Supervisory Director(s) who may be entitled under any Applicable Law to advancement of expenses in defending any claim for which the Managing Director(s) and Supervisory Director(s) may be entitled to recourse under the D&O Insurance shall be payable by the Company.
9. **DECISIONS OF SHAREHOLDERS OF THE COMPANY**
- 9.1 Decisions of the Shareholders may be taken either at a Shareholders' general meeting or (where permitted under the Articles and by Applicable law) by written resolution of the Shareholders. Subject to the Articles and Applicable Law, on each occasion when decisions are to be taken by Shareholders, the Shareholders shall consider (acting reasonably)

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whether such decisions shall be taken by written resolution of the Shareholders (taking into account practicality, cost, legal, fiscal and other relevant considerations).

- 9.2 Shareholders' general meetings shall take place in accordance with the Articles and Applicable Law in the Netherlands. Shareholders' general meetings (including adjourned meetings) may be convened by the Supervisory Board, and the Supervisory Board shall convene a Shareholders' general meeting upon the request of one or more Shareholders who together hold \*\* or more of the Shares.
- 9.3 At \*\* written notice (excluding the day on which the notice is given and the day on which the meeting is held) shall be given to the Shareholders of any Shareholders' general meeting (by email, and may be supplemented by copies sent by courier) unless a shorter notice period is approved by the Shareholders unanimously, and shall specify the location, date and time of the Shareholders' general meeting and an agenda specifying in reasonable detail the matters to be discussed at the Shareholders' general meeting together with all relevant matters to be approved to the extent then available; provided that if the holders of all Shares are present or represented at a Shareholders' general meeting, the Shareholders' general meeting may be held without prior notice. Matters not on the agenda, or business conducted in relation to those matters, described in reasonable detail, may not be raised at a Shareholders' general meeting unless all Shareholders agree in writing.
- 9.4 A Shareholder may act at a Shareholders' general meeting by appointing another person to serve as such Shareholder's proxy in writing.
- 9.5 The quorum at a Shareholders' general meeting shall, for so long as Yandex or Uber hold at least \*\* of their respective Initial Proportion, be one representative of each of Yandex or Uber (as applicable), in each case present (whether in person, by authorised representative or by proxy).
- 9.6 If a quorum is not present within 90 minutes of the time appointed for the Shareholders' general meeting (or ceases to be present for 90 minutes), the chairman of the Shareholders' general meeting shall adjourn the meeting to be held \*\* after the original date at the same time and place (unless all Shareholders agree otherwise). Without prejudice to Clause 11 ( *Reserved Matters* ), the quorum at such adjourned meeting shall be as set out in Clause 9.5. Notice of the adjourned Shareholders' general meeting shall be given by the Company.
- 9.7 Except for the Reserved Matters and where otherwise required by Applicable Law, the Shareholders shall decide on matters by Shareholders holding more than half of the share capital of the Company.
- 9.8 Subject to Clause 9.9 , all Shareholders' general meetings shall be held at the registered office or at such other place within the Netherlands as shall be specified or fixed in the notices or waivers of notice thereof.
- 9.9 The Shareholders may participate in and hold a Shareholders' general meeting using a conference telephone or similar communications equipment by means of which all Shareholders participating in the Shareholders' general meeting can hear each other. Participation in such a meeting shall constitute attendance and presence in person at such meeting.
- 9.10 The Company shall procure that minutes are prepared of each Shareholders' general meeting as soon as reasonably practicable following each Shareholder meeting and circulated to all Shareholders.
10. **CORPORATE GOVERNANCE OF SUBSIDIARIES**
- 10.1 Without prejudice to the remainder of this Clause 10, the Parties agree that the structure, scope of competence, formation and operational procedures of the governing bodies of the Subsidiaries shall at all times comply with the provisions of this Agreement to the fullest extent permitted by the Applicable Law. The Shareholders and the Company shall promptly procure (at the cost and expense of the Company) that the Charters of the Subsidiaries shall reflect the same at all times and that all decisions, resolutions and approvals of each Group

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Company are adopted or passed as necessary to amend or replace the Charter, as applicable, of the relevant Subsidiary accordingly.

- 10.2 Pursuant to this Agreement and the relevant Charter (as amended or replaced pursuant to Clause 10.1), each Subsidiary shall have the following governing bodies:
- 10.2.1 a general shareholders meeting or equivalent body; and
- 10.2.2 a sole executive body comprised of the general director (in Russian, *генеральный директор*), the managing director or the equivalent of a managing director (as applicable), provided that, in the event the Applicable Laws require that the structure of governing bodies of any Subsidiary to be different to the one contemplated above, the Parties shall work together to procure the relevant amendment to the Charter of such Subsidiary as may be required, provided in all cases that the provisions of such amended Charter shall comply with the provisions of this Agreement to the fullest extent permitted by Applicable Law and, without limiting the generality of the foregoing, no decision in respect of any Reserved Matters is taken other than with the consent of Uber or an Uber Supervisory Director in accordance with Clause 11 (*Reserved Matters*).
- 10.3 Where the Supervisory Board or the Shareholders (as the case may be) have passed a decision, in accordance with the provisions of this Agreement and the relevant Charters, in relation to any Subsidiary which is not a direct Subsidiary of the Company ("Affected Subsidiary"), the Shareholders and the Company shall procure, so far as they are legally able, that the relevant governing bodies of the Subsidiary being the direct shareholder or participant of such Affected Subsidiary shall pass all corporate decisions as necessary in order to implement the Supervisory Board's or Shareholder's (as the case may be) decision in relation to such Affected Subsidiary.
- 10.4 The Charter of each Subsidiary shall expressly provide for all Reserved Matters (to the extent applicable) in relation to such Subsidiary (or any subsidiary of that Subsidiary) to be resolved at the general shareholders meeting of that Subsidiary.
11. **RESERVED MATTERS**
- Approval of Reserved Matters**
- 11.1 For so long as Uber holds at least \*\* of its Initial Proportion, the Company, the Supervisory Board and the Management Board shall not do or permit to be done, and the Shareholders and the Company (in relation to the Subsidiaries) shall procure, in accordance with Applicable Laws, that no Group Company shall do or permit to be done, any matters listed in Schedule 2 or anything the effect of which is analogous or comparable in substance to any of the matters listed in Schedule 2 ("Reserved Matters") without the prior written approval of:
- 11.1.1 (if the matter is to be considered by the Shareholders, as indicated in Clause 11.2 and Schedule 2), Uber; and
- 11.1.2 (if the matter is to be considered by the Supervisory Board) a majority of the votes of the Supervisory Directors present, entitled to vote and voting, which majority must include at least one Uber Supervisory Director.
- 11.2 The Shareholders agree that:
- 11.2.1 all Reserved Matters marked in ***bold and italics*** in Schedule 2 shall be considered and resolved by the Shareholders; and
- 11.2.2 all other Reserved Matters shall be considered and resolved by the Supervisory Board.
- 11.3 If Uber or the Uber Supervisory Directors (as applicable) do not provide written approval with respect to a Reserved Matter, the Company and the Subsidiaries shall not be entitled to transact on such Reserved Matter.
- Reserved Matter escalation process**

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- 11.4 An "Escalation Matter" is a situation in which Yandex wishes to implement a Reserved Matter and a Yandex Supervisory Director or Yandex has, in accordance with this Agreement (i) proposed a resolution to approve such Reserved Matter to be passed at a meeting of the Supervisory Board or a general meeting of the Shareholders or (ii) requested in writing that Uber (or the Uber Supervisory Directors) provide written consent to such Reserved Matter (a "Written Request"), and:
- 11.4.1 in the case of a proposal before the general meeting of Shareholders, Uber either (i) failed to attend two successive such general meetings at which such Reserved Matter is duly proposed, or (ii) voted against or abstained on the vote in respect of such proposal, with the result that it was not approved as a Reserved Matter;
- 11.4.2 in the case of a proposal before the Supervisory Board, either (i) two successive meetings of the Supervisory Board (excluding a meeting adjourned in accordance with Clause 7.8) the agenda for which meetings includes such proposal are inquorate by reason of the absence of one or more Uber Supervisory Directors, or (ii) one or more Uber Supervisory Directors voted against or abstained on the vote in respect of such proposal, with the result that it was not approved as a Reserved Matter; or
- 11.4.3 in the case of a Written Request, Uber or one or more Uber Supervisory Directors (as appropriate) has failed within \*\* of such Written Request to provide its or his written consent in respect of the relevant proposal, with the result that it was not approved as a Reserved Matter.
- 11.5 Yandex may within \*\* of the occurrence of an Escalation Matter in accordance with Clause 11.4 serve written notice on Uber (an "Escalation Notice"):
- 11.5.1 stating that in its opinion an Escalation Matter has occurred; and
- 11.5.2 identifying the Reserved Matter giving rise to the Escalation Matter.
- 11.6 The Shareholders undertake that they shall:
- 11.6.1 within \*\* following the service of the Escalation Notice, refer the Escalation Matter to a chief operating officer or chief financial officer (a "Management Representative") of each Shareholder (or of the ultimate holding company within its Shareholder's group, if applicable), who will meet at least once in person if possible and practicable, or by video-conference, to attempt, in good faith, to resolve such matter within \*\* from the date the Escalation Matter is so referred to them; and
- 11.6.2 in the event that the Management Representatives cannot resolve the Escalation Matter within \*\* of the referral of such matter to them, the Escalation Matter will be referred to the chief executive officer of each Shareholder (or of the ultimate holding company within its Shareholder's group, if applicable), who will meet at least once in person, if possible and practicable, or by video-conference, to attempt, in good faith, to resolve such matter within \*\* from the date the Escalation Matter is so referred to them.
- 11.7 If an Escalation Matter is not resolved pursuant to the escalation mechanism outlined in Clauses 11.4, 11.5 and 11.6 the Reserved Matter will not be implemented and the status quo preserved.
- RP Claims**
- 11.8 A Shareholder that is, or a Related Party of which is, a party to a Related Party Contract shall exercise its voting rights at any Shareholders' general meeting convened to decide on such matter in accordance with the instructions of those Shareholders who are not parties to the Related Party Contract giving rise to such RP Claim .
- 11.9 A Supervisory Director appointed by a Shareholder that is, or a Related Party of which is, a party to a Related Party Contract shall not be entitled to vote on any Supervisory Board resolution in relation to an RP Claim and no Supervisory Board meeting at which a resolution

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in relation to a RP Claim is considered shall be inoperative by virtue of the absence of Supervisory Directors appointed by the Shareholder that is (or whose Related Party is) a party to a Related Party Contract.

12. **FINANCIAL MATTERS AND INFORMATION**

**Auditors**

- 12.1 The auditors of the Group shall be one of the Approved Auditors or such other auditors as may be approved by the Supervisory Board or the Shareholders in accordance with Clause 11 ( *Reserved Matters* ), and the first such auditor shall be KPMG.

**Financial year**

- 12.2 The Company's financial year shall be 1 January to 31 December.

**Information**

- 12.3 The Company undertakes to each of Yandex and Uber that it will:
- 12.3.1 allow each of Yandex and Uber (and their advisers and Affiliates) to examine the books, records and accounts of each Group Company on reasonable notice, during normal business hours; and
- 12.3.2 supply each of Yandex and Uber with all information (including copies of all published accounts, monthly management accounts and operating statistics and other trading and financial information, notices of shareholder or participant meetings of each of the Group Companies and all other circulars and notices issued or given to the shareholders or participants of each Group Company):
- (A) relating to the Business or otherwise to the affairs and financial or other position of each Group Company as is reasonably requested by Yandex or Uber to keep it properly informed about the business and affairs of the Group;
  - (B) required by Yandex or Uber to verify compliance by the Company with the obligations set out in Clauses 15.3 and 15.5 ( *Continuing Obligations* ), and the on-going compliance of the Group with the policies, procedures and programmes set out in Clauses 15.3 and 15.5 (as applicable); and
  - (C) that is in the possession of the Company or another Group Company and which is reasonably required by Yandex or Uber for the purposes of compliance with the requirements of any Governmental Authority that regulates Yandex or Uber or any of their Affiliates or any internal policies applicable to Yandex or Uber or any of their Affiliates (as applicable).
- 12.4 Without prejudice to the generality of Clause 12.3, the Company shall supply each of Yandex and Uber with copies of:
- 12.4.1 each Budget, approved in accordance with Clause 13 ( *Budgets* );
- 12.4.2 quarterly unaudited consolidated management accounts of the Group with (i) key performance indicators, (ii) performance charts, and (iii) management commentaries on the Group's performance, as soon as reasonably practicable after the end of each quarter of each financial year and in any event within \*\* thereafter;
- 12.4.3 monthly unaudited management accounts of the Group with (i) key performance indicators, and (ii) management commentaries on the Group's performance, as soon as reasonably practicable after the end of the month to which they relate and in any event within \*\* thereafter. These shall include a consolidated profit and loss account, balance sheet and cash flow statement, including a statement of progress against the then current Budget and up-to-date forecasts for the balance of the relevant financial year; and
- 12.4.4 a summary of any matters or series of matters which has had or is reasonably likely to have, in each case in the reasonable opinion of the Company, a material adverse

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effect on the business, property, operations or condition (financial or otherwise) of the Company or the Group, except for matters that comprise a change in general economic conditions or outlook, financial, credit or securities markets or political or regulatory conditions, whether globally or in any country (including Russia) or market unless such change has or can reasonably be expected to have a disproportionate effect on the Group as compared to other companies operating in the countries or jurisdictions in which the Group operates.

#### Annual accounts

- 12.5 Without prejudice to the generality of Clause 12.3, the Company shall supply each of Yandex and Uber with:
- 12.5.1 the Group's consolidated profit and loss account, balance sheet, trial balance and cash flow statement, in respect of each financial year of the Company, as soon as reasonably practicable after the end of each financial year and in any event (unless otherwise agreed by the Parties) in respect of the 2018 financial year and each subsequent financial year, no later than \*\* after the end of such year;
  - 12.5.2 (x) drafts of the consolidated annual financial statements of the Group, prepared in accordance with U.S. GAAP, in respect of each financial year of the Company, as soon as reasonably practicable after the end of each financial year and in any event (unless otherwise agreed by the Parties) no later than \*\* after the end of the 2018 financial year and each subsequent financial year, and (y) at least \*\* thereafter, material adjustments, if any, that are made to such statements until the delivery of consolidated annual financial statements of the Group in accordance with Clause 12.5.3; and
  - 12.5.3 copies of audited consolidated annual financial statements of the Group, prepared in accordance with U.S. GAAP, in respect of each financial year of the Company, as soon as reasonably practicable after the end of each financial year and in any event within the period specified by Applicable Law and in any event (unless otherwise agreed by the Parties) no later than \*\* after the end of the 2018 financial year and each subsequent financial year,
- and the Company shall provide Yandex and Uber with the opportunity to review and provide reasonable comments on such drafts (referred to in Clause 12.5.2) prior to providing copies of the audited consolidated financial statements of the Group in accordance with Clause 12.5.3.
- 12.6 Notwithstanding Clause 12.5, and without prejudice to the generality of Clause 12.3, following an initial public offering by Uber (or its ultimate parent company, Uber Technologies, Inc.) (as applicable, a "Uber IPO"), the Company shall instead supply Uber with:
- 12.6.1 the Group's consolidated profit and loss account, balance sheet, trial balance and cash flow statement, in respect of each financial year of the Company, as soon as reasonably practicable after the end of each financial year and in any event (unless otherwise agreed by the Parties) no later than \*\* after the end of (i) the first financial year following an Uber IPO and (ii) each subsequent financial year;
  - 12.6.2 (x) drafts of the consolidated annual financial statements of the Group, prepared in accordance with U.S. GAAP, in respect of each financial year of the Company, as soon as reasonably practicable after the end of each financial year and in any event (unless otherwise agreed by the Parties) no later than \*\* after the end of (i) the first financial year following an Uber IPO and (ii) each subsequent financial year, and (y) at least \*\* thereafter, adjustments, if any, that are made to such statements until the delivery of consolidated annual financial statements of the Group in accordance with Clause 12.6.3; and
  - 12.6.3 copies of audited consolidated annual financial statements of the Group, prepared in accordance with U.S. GAAP, in respect of each financial year of the Company, as soon as reasonably practicable after the end of each financial year and in any

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event within the period specified by Applicable Law and in any event (unless otherwise agreed by the Parties) no later than \*\* after the end of (i) the first financial year following an Uber IPO and (ii) each subsequent financial year,

and the Company shall provide Uber with the opportunity to review and provide reasonable comments on such drafts (referred to in Clause 12.6.2) prior to providing copies of the audited consolidated financial statements of the Group in accordance with Clause 12.6.3.

**Quarterly accounts**

- 12.7 Without prejudice to the generality of Clause 12.3, the Company shall supply each of Yandex and Uber with:
- 12.7.1 the Group's condensed consolidated profit and loss account, balance sheet, trial balance and cash flow statement, in respect of each quarter of each financial year of the Company, as soon as reasonably practicable after the end of each quarter of each financial year and in any event (unless otherwise agreed by the Parties) no later than \*\* after the end of (i) the first applicable quarter of the financial year following Completion and (ii) each subsequent quarter of each financial year; and
- 12.7.2 a quarterly reporting package as has been mutually agreed between the Company and Uber which shall include, as a minimum, all information necessary to allow Uber to prepare its own quarterly financial statement disclosures and comply with applicable quarterly reporting obligations, together with any report of an auditor's review thereof, as soon as reasonably practicable after the end of each quarter of each financial year and in any event within the period specified by Applicable Law and in any event (unless otherwise agreed by the Parties) no later than \*\* after (i) the end of the first applicable quarter following Completion and (ii) each subsequent quarter of each financial year; provided, that the Company shall supply Uber and Yandex with a draft of such reporting package no later than \*\* after (i) the end of the first applicable quarter following Completion and (ii) each subsequent quarter of each financial year and the Company shall provide Yandex and Uber with the opportunity to review and provide reasonable comments on such drafts prior to providing the final quarterly reporting package.
- 12.8 Notwithstanding Clause 12.7, and without prejudice to the generality of Clause 12.3, following an Uber IPO, the Company shall supply Uber with:
- 12.8.1 the Group's condensed consolidated profit and loss account, balance sheet, trial balance and cash flow statement, in respect of each quarter of each financial year of the Company, as soon as reasonably practicable after the end of each quarter of each financial year and in any event (unless otherwise agreed by the Parties) no later than \*\* after the end of (i) the first applicable quarter of the financial year following an Uber IPO and (ii) each subsequent quarter of each subsequent financial year; and
- 12.8.2 a quarterly reporting package as has been mutually agreed between the Company and Uber which shall include, as a minimum, all information necessary to allow Uber to prepare its own quarterly financial statement disclosures and comply with applicable quarterly reporting obligations, together with any report of an auditor's review thereof, as soon as reasonably practicable after the end of each quarter of each financial year and in any event within the period specified by Applicable Law and in any event (unless otherwise agreed by the Parties) no later than \*\* after the end of (i) the first applicable quarter of the financial year following a Uber IPO and (ii) each subsequent quarter of each subsequent financial year; provided, that the Company shall supply Uber and Yandex with a draft of such reporting package no later than \*\* after (i) the end of the first applicable quarter following Completion and (ii) each subsequent quarter of each financial year and the Company shall provide Yandex and Uber with the opportunity to review and provide reasonable comments on such drafts prior to providing the final quarterly reporting package.



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- 12.9 Without prejudice to the generality of Clause 12.3, the Company shall supply each of Yandex and Uber with any other supporting information reasonably requested by Yandex or Uber to assist Yandex or Uber (as may be the case) with the preparation of the full year and quarter year audited financial accounts of Yandex, Uber or any of their Affiliates (as applicable) as soon as reasonably practicable and not later than \*\* of such request.
- 12.10 Without prejudice to Clauses 12.3 to 12.9 (inclusive) the Company shall procure that each Group Company shall provide to Uber and any U.S. Investor information available to such Group Company reasonably requested by Uber or such U.S. Investor (as applicable), which is necessary for the U.S. tax filings of Uber or such U.S. Investor (as applicable) (or its direct or indirect owners) or filing of the U.S. tax elections requested pursuant to Schedule 7, and Uber or such U.S. Investor (as applicable) shall reimburse the Group Company providing such information for the reasonable costs incurred by such Group Company to comply with such Group Company's obligation to provide such information. Further the Group Company shall (at the expense of Uber or such U.S. Investor, as applicable) provide all information and supporting files (as agreed upon between Uber or such U.S. Investor, as applicable, and the Group Company) to enable Uber or such U.S. Investor, as applicable to ensure timely completion and filing of their quarterly and annual financials which in no event shall the information be provided later than \*\* after each year end and \*\* after each respective quarter end.
- 12.11 Each of Yandex and Uber, for so long as they hold any Shares, and/or their representatives, shall have the right, at their expense, to visit and inspect any of the properties of the Company or any of its Subsidiaries within the Territories, and to discuss the affairs, finances and accounts of the Company and/or any of its Subsidiaries with its respective officers and employees, in each case during normal business hours upon reasonable advance notice.
- 12.12 Subject to Clauses 3.6 and 3.8 to 3.13 (inclusive), each of Yandex, Uber and the Company agree that, for the purposes of Clauses 6.15, 7.21 and 12.3 to 12.11 (inclusive) and otherwise, the Supervisory Directors and Managing Directors shall be entitled to pass any information (with the exception of any commercially sensitive information, as reasonably determined unanimously by the Supervisory Board) relating to any Group Company, the Business or affairs of any of the Group Companies, received by such persons in their capacity as Supervisory Directors or Managing Directors, to Yandex or Uber that appointed such Supervisory Director or Managing Director, and neither Yandex, Uber nor the Company shall raise any objection to such passing of information nor allege any breach of any duty of confidence to the Company or any other Group Company as a result of such action. Any such information provided as contemplated by this Clause shall be Confidential Information for the purposes of this Agreement and Clauses 29.4 to 29.6 shall apply to it.
- 12.13 Yandex, Uber and the Company shall use their respective powers (so far as they are legally able) to procure that each Subsidiary provides to the Company the financial information (including without limitation budgets and requests for funding) to enable the Company to comply with Clauses 12.3 to 12.11 (inclusive).
- Audit rights**
- 12.14 Without limiting Clause 12.3, each of Yandex and Uber shall be entitled to full audit rights with respect to the Group, its activities and its books and records, provided that such audit rights of Yandex or Uber as applicable shall be limited to: (a) a maximum of two audits in any rolling period of three financial years; and (b) a maximum of one audit in any single financial year. Accordingly, the Group shall cooperate (and Yandex and Uber shall procure that the Group cooperates) with any audit initiated by Yandex or Uber and shall promptly grant to Yandex or Uber (as applicable) and, if requested by Yandex or Uber, its advisors, consultants, agents or other representatives: (i) access to any books, records, information and systems (including without limitation receipts and expenses) relevant to the subject matter of the audit; and (ii) access to the Group's premises and properties for the purpose of carrying out the audit, in each case on reasonable notice and during its normal business hours. Yandex and Uber shall make themselves available to discuss the business and records of the Group with the party that requested the audit and its or their advisors, consultants, agents and representatives (including all information reasonably required by

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Yandex or Uber to comply in a timely manner with their own reporting obligations to their own investors or any Governmental Authority).

- 12.15 In the event that deficiencies or exceptions are noted in audits or reviews, and provided that such deficiencies or exceptions shall be duly documented, Yandex, Uber and the Group shall participate in good faith negotiations with the view to finding an agreement upon a possible remediation plan. In the event that a material legal or regulatory deficiency is identified by an audit, each of Yandex or Uber may provide the Group with written notice of such material deficiency. The Company undertakes to use reasonable efforts to cure such material deficiency to the satisfaction of Yandex or Uber (as applicable) within the lesser of (i) \*\* following receipt of first written notice from Yandex or Uber (as applicable) and (ii) the time period recommended by the auditor to remedy such deficiency.
- 12.16 All fees and costs relating to an audit under Clause 12.14 shall be borne by the party (being, either Yandex or Uber (as the case may be)) that initiated the audit.
13. **BUDGETS**
- 13.1 The Supervisory Board shall approve the Budgets for the 2018 financial year and all subsequent periods in accordance with Schedule 8 ( *Budget* ).
14. **BRANDING**
- 14.1 The Company shall, and the Shareholders shall procure that the Company shall, operate the Business under, and with the use of, the brands in the applicable Territories in accordance with the terms and conditions of the Yandex Trademark Licensing Agreement and the Uber Trademark Licensing Agreement.
15. **CONTINUING OBLIGATIONS**
- Internal controls and compliance**
- 15.1 The Supervisory Board shall implement and maintain an internal control manual, a yearly review of the Group's internal control procedures (requiring an annual compliance report to the Supervisory Board) and an internal audit system and internal controls. Meetings of the compliance committee of the Supervisory Board shall be held in the Netherlands.
- Anti-Bribery and Corruption**
- 15.2 In their capacity as shareholders of the Company, the Shareholders shall not, and the Company shall not, and the Company shall procure that each of the other Group Companies shall not, whether directly or through any other persons acting on their behalf, engage in any Corrupt Act or violate, incur any liability under or become subject to penalty under any Corruption Laws, or knowingly cause any Shareholder to violate, incur any liability under or become subject to penalty under, or request any action, inaction or services that would violate any Corruption Laws. The applicable Shareholder or the Company (as the case may be) shall promptly notify each other Party of any breach of this Clause 15.2.
- Ethical policies**
- 15.3 The Shareholders and the Company agree that as soon as practicable, and by no later than three (3) months following Completion the Company will adopt, implement and maintain, the following policies and procedures:
- 15.3.1 an anti-corruption compliance programme for the Group (by implementing and maintaining written policies and procedures) which complies with all Corruption Laws and meets generally recognised international standards for an anti-corruption compliance programme in relation to each of the core elements identified in Schedule 6 ( *Anti-Corruption Compliance Programme* ); and
- 15.3.2 written policies and/or procedures for the Group reasonably designed to ensure compliance with Applicable Laws, to be applied as appropriate to all current and future operations, addressing, without limitation, Applicable Laws relating to conduct of business and ethics, employment law and health and safety regulations.

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Subject to Clause 11 ( *Reserved Matters* ), the Shareholders agree that: (a) any such policies and procedures must be tailored to the Business, including the jurisdiction(s) in which it operates and the Applicable Laws that are relevant to the Business and the Group; (b) the first draft of such policies and procedures shall be prepared by the Company with the assistance of an international law firm and in consultation with each of Yandex and Uber; and (c) the final form of such policies and procedures (and any amendments thereto) shall be agreed by each of Yandex and Uber (acting reasonably) and approved by the Supervisory Board.

**Sanctions**

- 15.4 The Company shall not, and shall procure that, in the course of their duties for the Company and/or any of the Subsidiaries, the Subsidiaries and its and their officers, directors and employees shall not:
- 15.4.1 contribute or otherwise make available, directly or knowingly indirectly to, or for the benefit of, any person (whether or not related to any Group Company) any part of any funds received (directly or indirectly) by the Company and/or any of the Subsidiaries from any Shareholder (i) to fund any activities or business of or with any person or in any country or territory in violation of applicable Sanctions; or (ii) to fund any business in circumstances where it knows, or could reasonably be expected to know, that the application of those funds will be applied towards any illegal or criminal activity; or
- 15.4.2 engage in, facilitate or fund, directly or knowingly indirectly, any unauthorised business activities (including, but not limited to, imports, exports, reexports, or transfer of products, services, or technology) with, or for the benefit of:
- (A) any person in violation of applicable Sanctions; or
- (B) a person that is a Restricted Party; or
- 15.4.3 engage in any transaction, activity or conduct:
- (A) that would cause a Group Company to violate any Sanctions; or
- (B) that would reasonably be expected to result in a Group Company being designated as a Restricted Party or a target of Sanctions.
- 15.5 The Shareholders and the Company agree that within three (3) months following Completion the Company shall adopt, implement and maintain written policies and procedures for the Group reasonably designed to ensure compliance with Clause 15.4 and Sanctions.
- 15.6 The Shareholders are not themselves Restricted Parties or targets of Sanctions, or \*\* or more owned or Controlled by Restricted Parties or targets of Sanctions. Each Shareholder warrants that it will immediately notify the other Parties in writing of any changes in ownership or Control which would render the above statement inaccurate.

**US Tax covenants**

- 15.7 If the filing of a U.S. tax election is required pursuant to Schedule 7, Uber or any U.S. Investor (as applicable) requesting such election shall provide the relevant Group Company with a template of the relevant filing form or statement and shall reimburse the relevant Group Company for the reasonable costs incurred as a result of making such filing if such filing is made by the relevant Group Company. Each Shareholder shall promptly notify the Company if (a) it becomes a U.S. Investor (or an Affiliate of a U.S. Investor); or (b) ceases to be a U.S. Investor.

**Undertakings in respect of the Company and the Subsidiaries**

- 15.8 The Company shall:
- 15.8.1 on the date of this Agreement register the appointment of the initial Management Board and Supervisory Board of the Company as has been agreed and approved by each of Yandex and Uber and the Shareholders' general meeting. For the avoidance of doubt, the parties acknowledge and agree that Tigran Khudaverdyan shall serve as the initial CEO of the Company, Alex de Cuba shall serve as the

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initial Dutch Director of the Company, and the Senior Managers shall be as set forth in Clause 4.1;

15.8.2 with effect from the date of this Agreement, the Parties undertake to comply with the Deed of Covenant in accordance with its terms;

15.8.3 within one (1) month from Completion:

(A) amend the Charters of the Subsidiaries to reflect the provisions of this Agreement; and

(B) amend the Articles on terms satisfactory to the Shareholders to more fully reflect the provisions of this Agreement (including setting out in full all Reserved Matters and the applicable approval thresholds); and

15.8.4 and each of Uber and Yandex shall cause the Company and each of its Subsidiaries to, following Completion, provide reasonable advance written notice to Uber and Yandex prior to the Company or any of its Subsidiaries entering into or adopting any plan of complete or partial liquidation, dissolution, restructuring, recapitalisation or other reorganisation (including any merger or other combination between a Subsidiary of the Company with or into any other Subsidiary of the Company) (as applicable, a "Restructuring"), and neither the Company nor any such Subsidiary, as applicable, shall consummate, or enter into any agreement or otherwise make a commitment to consummate, all or any portion of the Restructuring without the prior written consent of Uber and Yandex. Uber, Yandex and the Company shall each use reasonable endeavours to agree to the terms and conditions of the Restructuring to be effectuated as promptly as practicable after Completion. The Restructuring shall at all times comply with the provisions of Section 8.3 (Tax Consequences) of the Contribution Agreement and Clauses 4.2 and 4.3 of Schedule 7.

16. **DIVIDENDS**

Any dividends shall be recommended, declared and otherwise paid in accordance with Clause 11 (Reserved Matters) and the Articles.

17. **FURTHER FINANCING**

17.1 No Shareholder shall be obliged to:

17.1.1 save for contributions contemplated by Recital (A), contribute any funds (whether in the form of debt or equity) to any Group Company; or

17.1.2 give any security or provide any guarantee on behalf or for the benefit of any Group Company.

18. **ISSUES OF NEW SECURITIES**

18.1 With the exception of those Shares issued by the Company to the Foundation under the Roll-Over and without prejudice to Clause 11 (Reserved Matters), the Company shall not issue, agree to issue, or reserve or set aside for issuance any new Shares or other securities of the Company ("New Securities"), unless it first complies with Clauses 18.2 to 18.10.

18.2 If the Company proposes to issue any New Securities, such issue may comprise:

18.2.1 A Shares or securities exercisable or convertible into A Shares (including any issue of the same in respect of the Equity Incentive Pool); or

18.2.2 with the consent of Yandex and Uber, B Shares or securities exercisable or convertible into B Shares.

18.3 If the Company proposes to issue any New Securities, the Supervisory Board shall deliver to each of Yandex and Uber a written notice in relation to such issuance (a "Pro-rata Offer"), which shall:

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- 18.3.1 identify and describe the New Securities subject to the issuance;
- 18.3.2 offer the New Securities for subscription in cash and on the same terms to each Shareholder pro rata to its Equity Proportion (as close as possible) as at the close of business on the Business Day prior to such offer (a "Pro-rata Entitlement"); and
- 18.3.3 describe the price and other terms upon which the New Securities are to be issued, the identity of any proposed purchaser and the number or amount of the New Securities, and set out a time (being not less than \*\* from the date of the Pro-rata Offer) (the "Acceptance Period") within which, if the Pro-Rata Offer is not accepted, it will be deemed to be declined.
- 18.4 At any time prior to the \*\* of Completion, as is reasonably necessary for funding the Business of the Group, each of Yandex and Uber shall be entitled but not required to purchase New Securities pursuant to a Pro-rata Offer at the same price per Share as the Entry Price.
- 18.5 Yandex and Uber may accept a Pro-rata Offer by irrevocable notice of acceptance to the Company within the Acceptance Period. Yandex and Uber are not required to subscribe for their full Pro-rata Entitlements and may do so in part only or not at all. In the event that either Yandex or Uber does not subscribe for its Pro-rata Entitlement fully, that Shareholder's Equity Proportion may be diluted accordingly.
- 18.6 Within \*\* of the expiry of the Acceptance Period, the Company shall notify the other Shareholder if either Yandex or Uber does not elect to subscribe for, or is deemed to have declined to subscribe for, its Pro-rata Entitlement (in whole or in part). If either Yandex or Uber does not exercise its rights to subscribe fully for its Pro-rata Entitlement, the other Shareholder having elected to subscribe for its full Pro-rata Entitlement shall be entitled to subscribe for (on the same terms) the New Securities not so subscribed for ("Excess New Securities") by delivery of an irrevocable notice of acceptance to the Company and the other Shareholder on or prior to the expiry of a further \*\* after the expiry of the Acceptance Period.
- 18.7 Completion of the subscriptions for the New Securities shall take place within \*\* of the expiry of the Acceptance Period (as extended as necessary in accordance with Clause 18.6) and on the terms and conditions specified in the Pro-rata Offer.
- 18.8 For the period of \*\* after the earlier of the expiry of the Acceptance Period (as extended as necessary in accordance with Clause 18.6), or the date of receipt by the Company of a refusal of every offer made by the Company pursuant to the Pro-rata Offer, the Supervisory Board shall, without prejudice to Clause 11 ("Reserved Matters"), be entitled to issue to any person any New Securities offered to Shareholders and which have not been subscribed for in accordance with Clause 18.7 ("Third Party Issue"). For the avoidance of doubt, New Securities shall not be issued to any Prohibited Transferee or Prohibited Purchaser. Any issue pursuant to this Clause 18.8 shall be on the same terms as the Pro-rata Offer and made in such manner and to such third party or parties as the Supervisory Board and Shareholders may think most beneficial to the Company.
- 18.9 In respect of any New Securities that are new Shares or that are securities convertible into Shares, it shall be a condition of the issue or disposal of any of those New Securities to a third party or third parties pursuant to Clause 18.8 that the subscriber enters into a Deed of Adherence.
- 18.10 If a Third Party Issue is not completed within the Period of \*\* referred to in Clause 18.8 the Company shall not be entitled to issue New Securities without delivering a further written notice of Pro-rata Offer to Yandex and Uber in accordance with this Clause 18.
- 18.11 If the Company proposes to issue any New Securities in accordance with the provisions of this Clause 18, and the New Securities are issued by the Company at a price per New Security which is less than \*\* (a "Qualifying Issue") then the Company shall issue to Uber the number of New Securities determined by applying the formula below (and rounding the product, N, down to the nearest whole share) (the "Anti-Dilution Shares"):

$$N = ((PIP/WA) \times Z) - Z$$

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Where:

N: the number of Anti-Dilution Shares to be issued to Uber.

DRP: the price per share in US dollars of the Qualifying Issue.

NS: the number of New Securities issued pursuant to the Qualifying Issue.

PIP: the Entry Price in US dollars.

SC: the number of shares in issue plus the aggregate number of shares in respect of which options to subscribe have been granted, or which are subject to convertible securities (including, but not limited to, warrants), in each case immediately prior to the Qualifying Issue.

W: \*\*

WA:  $(PIP \times SC) + (DRP \times NS) / (SC + NS)$ .

Z: \*\*

18.12 The Anti-Dilution Shares shall:

18.12.1 be paid up by the automatic capitalisation of available reserves of the Company;

18.12.2 within \*\* of the Date of the Qualifying Issue be issued to Uber in accordance with the Articles and credited as fully paid up in cash; and

18.12.3 shall rank pari passu in all respects with the existing B Shares.

#### 19. TRANSFERS OF SHARES

##### General restriction on transfers

19.1 Notwithstanding any other provisions of this Agreement:

19.1.1 no Shares nor any interest therein or in respect thereof shall be Transferred to, conferred upon or become vested in any person other than the transfer of the whole legal and equitable title to such Shares carried out in accordance with this Agreement and the Articles; and

19.1.2 no Shareholder shall Transfer, or agree to Transfer, any Shares nor any interest therein or in respect thereof without the prior written consent of the other Shareholders unless to a Permitted Affiliate in accordance with Clauses 19.4 to 19.6 ( *Transfer to Permitted Affiliates* ), or in accordance with the relevant provisions of Clause 20 ( *Right of First Refusal* ), Clause 21 ( *Tag Along Rights* ), Clause 22 ( *Liquidity Event* ), Clause 23 ( *Qualified IPO* ) and Clause 24 ( *Drag Sale* ) and any such act, or any other dealing or attempted dealing or disposal of any Shares or any interest therein or in respect thereof, other than as so permitted by this Agreement, shall be of no effect, and shall not be enforceable towards the Company, the Company shall not recognise such Transfer, and the Shareholders and the Supervisory Board shall not give effect to such Transfer nor record such Transfer in the Company's securities registers nor treat any purported transferee of such Shares as the owner of such Shares for any purpose whatsoever.

##### Lock-up Period

19.2 Neither Yandex nor Uber shall Transfer any of its Shares (or any interest therein or in respect thereof), save to a Permitted Affiliate in accordance with Clauses 19.1 to 19.5 ( *Transfer to Permitted Affiliates* ), during the Lock-Up Period without the prior written consent of Yandex or Uber (as the case may be). No other Shareholder shall Transfer any of its Shares (or any interest therein or in respect thereof), save to a Permitted Affiliate in accordance with Clauses 19.1 to 19.5 ( *Transfer to Permitted Affiliates* ), at any time without the prior written consent of Yandex and Uber.

##### Prohibited Transferees

19.3 Notwithstanding any provision in this Agreement, following the expiration of the Lock-up Period and prior to a Qualified IPO, Uber shall not Transfer any Shares nor any interest

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therein or in respect thereof to a Prohibited Transferee without the prior written consent of Yandex.

**Transfers to Permitted Affiliates**

19.4 Nothing in this Clause 19 shall prohibit a Transfer by a Shareholder of all or any of its Shares to a Permitted Affiliate provided that:

19.4.1 the proposed transferee:

- (A) is not subject to and is not reasonably likely to be subject to receivership, bankruptcy, insolvency, dissolution, liquidation or any similar proceedings;
- (B) executes a Deed of Adherence prior to the Transfer taking place;
- (C) shall have demonstrated to the reasonable satisfaction of the other Shareholder(s) that:
  - (1) that the ultimate beneficial owner(s) of the transferor will retain Control over such transferee; and
  - (2) such transferee is capable of performing the obligations of a Shareholder under this Agreement; and
- (D) is under an obligation to retransfer its Shares to the transferor if, and before, the transferee ceases to be a Permitted Affiliate of the transferor; and

19.4.2 the transferring Shareholder gives at least \*\* prior written notice of the transfer to the other Shareholder(s), including the name of the transferee and evidence reasonably satisfactory to the other transferees of such transferee's status as a Permitted Affiliate.

19.5 On a Transfer of Shares to a Permitted Affiliate in accordance with Clause 19.4:

- 19.5.1 where the original transferring Shareholder transfers some (but not all) of its Shares to a Permitted Affiliate (but not a subsequent transferor in a series of such transfers), that Shareholder shall remain a party to this Agreement and shall be jointly and severally liable with the transferee (and any subsequent transferee) under this Agreement as a Shareholder in respect of the transferred Shares;
- 19.5.2 where the original transferring Shareholder transfers all (but not some only) of its Shares to a Permitted Affiliate, that Shareholder shall, provided that it transfers all accrued liabilities and obligations to the Permitted Affiliate, be released from all of its obligations under this Agreement and the Parties shall execute and deliver such documents as are reasonably required so as to give effect to such transfer of liabilities and obligations and release;
- 19.5.3 where the transferring Shareholder transfers some, but not all, of its Shares, the transferring Shareholder shall procure that its Permitted Affiliate transferee complies with its obligations under the Deed of Adherence; and
- 19.5.4 the transferring Shareholder shall procure that prior to any of its transferee Permitted Affiliates ceasing to be a Permitted Affiliate, or becoming subject to or being reasonably likely to be subject to receivership, bankruptcy, insolvency, dissolution, liquidation or any similar proceedings, that Permitted Affiliate shall transfer all Shares held by it to such Shareholder (or another Permitted Affiliate of such Shareholder fulfilling the requirements of Clause 19.4).

**Deed of Adherence**

19.6 Without prejudice to Clauses 19.8, 19.10, 19.11, 30.2 and 30.3, any person executing a Deed of Adherence in accordance with this Agreement shall be entitled to the rights provided for by this Agreement as if it were a Party hereto for so long as they are registered as a Shareholder in respect of the Shares transferred to them.

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**Transfer Terms**

- 19.7 All transfers or issues of Shares pursuant to this Agreement, except a transfer of Shares to a Permitted Affiliate in accordance with Clause 19.4, shall be made on the Transfer Terms in Schedule 3, save to the extent that this Agreement expressly provides otherwise or Yandex and Uber otherwise agree in writing and to the extent permissible under Dutch law.

**Rights upon transfer**

- 19.8 If, at any time after the expiration of the Lock-up Period and prior to a Liquidity Event, Yandex or Uber Transfers any of its B Shares to a Third Party Purchaser (for the avoidance of doubt other than a Permitted Affiliate) such Transfer shall be conditional upon the conversion of such B Shares in to A Shares in accordance with the Articles.
- 19.9 If Yandex transfers some (but not all) of its B Shares (other than to a Permitted Affiliate) such that Yandex owns directly or indirectly (i) less than \*\* of its Initial Proportion or (ii) a number of B Shares that is equal to or less than the number of B Shares held by Uber, Yandex shall lose all specific and preferential rights under this Agreement that are granted to Yandex but are not granted to Uber (including, without limitation, pursuant to Clauses 5 ( *The Management Board* ), 6 ( *The Supervisory Board* ), 7 ( *Meetings of the Board* ), 9 ( *Decisions of the Shareholders of the Company* ), 10 ( *Corporate Governance of Subsidiaries* ), 11 ( *Reserved Matters* ) and for the avoidance of doubt Clauses 19 ( *Transfers of Shares* ), 20 ( *Rights of First Refusal* ), 21 ( *Tag Along Rights* ), Clause 22 ( *Liquidity Event* ), Clause 23 ( *Qualified IPO* ) and Clause 24 ( *Drag Sale* )) and, with immediate effect from the date of each such transfer, this Agreement shall be deemed to have been varied and amended to the maximum extent possible so as to provide that Uber shall have rights *pari passu* with, and substantially equal to, the rights of Yandex.
- 19.10 If Yandex Transfers all (but not some only) of its B Shares (other than to a Permitted Affiliate), pursuant to clause 19.7, the acquiring Third Party Purchaser will be entitled to the general rights provided to and bound by obligations of the Shareholders, however any specific rights under this Agreement that are granted to Yandex will not apply to any Third Party Purchaser.
- 19.11 If Yandex Transfers any (but not all) of its B Shares (other than to a Permitted Affiliate), pursuant to clause 19.7, the acquiring Third Party Purchaser will be bound by the obligations, restrictions and other burdens applicable to the Shareholders but will not be entitled to any rights, entitlements or other benefits applicable to Yandex under this Agreement and in particular shall not be entitled to Transfer its Shares other than in accordance with Clause 22 ( *Liquidity Event* ), Clause 23 ( *Qualified IPO* ) and Clause 24 ( *Drag Sale* ).

**Permitted Transfers**

- 19.12 Each Shareholder expressly and irrevocably undertakes and agrees to vote in favour (if necessary) of any contemplated transfer proposed to be made in compliance with the terms of this Agreement (a " **Permitted Disposal** "), and to exercise any and all powers and rights available to it to authorise a Permitted Disposal, in accordance with the Articles and the mandatory provisions of Dutch law, including but not limited to holding a general meeting of the Shareholders for the purpose of resolving upon any Permitted Disposal.
- 19.13 If the Management Board and Supervisory Board are reasonably satisfied that a transfer of Shares complies with the terms of this Agreement, the Articles and any Applicable Law, the Management Board shall promptly take appropriate action to procure that such transfer is recorded in the Shareholders' register of the Company and with the trade register of the Chamber of Commerce.

**Shares**

- 19.14 The Company shall hold and maintain at its registered office a register showing (i) the identity of each Shareholder (in accordance with the Dutch Civil Code), (ii) the number of Shares held by each Shareholder, (iii) any transfer of the Shares and the date on which they were notified or accepted by the Company, and (iv) any Encumbrances created over any Shares in accordance with this Agreement.



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#### Approval and Registration of Share Transfers

- 19.15 Each Shareholder shall approve (if necessary) any transfer of Shares which is consistent with this Agreement in accordance with the requirements of the Dutch Civil Code and in accordance with the Articles, and if any Shareholder fails to do so that Shareholder shall be deemed to have appointed Yandex (if the defaulting Shareholder is Uber) or by Uber (if the defaulting Shareholder is Yandex) as the attorney-in-fact of the defaulting Shareholder with full power of substitution in the name and stead of the defaulting Shareholder to approve the relevant transfer of Shares, and to execute, acknowledge, swear to and deliver such documents and instruments as may be necessary or appropriate to give effect to the relevant transfer of Shares.
- 19.16 The approval and registration of Share Transfers in accordance with Clause 19.15 includes the requirement for Shares to be Transferred through the execution of a notarial deed of transfer before the Transferor, Transferee and the Company. The Company must register the Transfer in the Company's Shareholder register, but such registration is not a requirement for the Transfer to be effective.
20. **RIGHT OF FIRST REFUSAL**
- 20.1 After the Lock-up Period expires and prior to a Qualified IPO, either Yandex or Uber (or any of their Permitted Affiliates) (the "**Selling Shareholder**") may Transfer some or all of its Shares to a Third Party Purchaser, provided that such Shareholder has first received a bona fide offer (an "**Offer**") from that Third Party Purchaser to purchase such Shares and makes a written offer (the "**Transfer Notice**") within \*\* of receipt of the Offer to the Other Shareholder (for so long as the Other Shareholder holds at least \*\* of its Initial Proportion) to instead Transfer all or some of the Shares that are the subject of the Offer to the Other Shareholder, provided that, in each case, that such Offer and the corresponding Transfer Notice:
- 20.1.1 is for non-deferred and non-contingent cash consideration or equivalent Non-Cash Consideration payable or otherwise transferable upon completion of the relevant Transfer;
  - 20.1.2 states the name and ultimate beneficial owner(s) of the Third Party Purchaser to whom the Selling Shareholder propose to sell the Shares which are the subject of the Offer;
  - 20.1.3 contains all of the Key Terms of the proposed transfer, which shall be the same as the Key Terms of the Offer; and
  - 20.1.4 is conditional only upon the receipt of all Regulatory Approvals for the proposed Transfer, and payment of the proposed consideration for such Transfer, and in circumstances in which the Selling Shareholder complies with the remaining provisions of this Clause 20.
- 20.2 Following receipt of a Transfer Notice, the Other Shareholder shall have the right at any time within \*\* after receiving the Transfer Notice (the "**ROFR Period**") to give a notice to the Selling Shareholder (the "**ROFR Acceptance Notice**") accepting the offer referred to in Clause 20.1.2 in respect of some or all of the Shares the subject of the Transfer Notice. If an Other Shareholder does not give a ROFR Acceptance Notice before the expiry of the ROFR Period it shall not be entitled to buy any of the Shares which are the subject of the offer referred to in Clause 20.1.
- 20.3 If a ROFR Acceptance Notice is given with respect to any or all Shares the subject of the Transfer Notice within the ROFR Period, the accepting Other Shareholder shall be bound to buy, and the Selling Shareholder shall be bound to sell to such Other Shareholder, the Shares specified in the ROFR Acceptance Notice on the Key Terms and in accordance with the Transfer Terms.
- 20.4 If a ROFR Acceptance Notice is not given with respect to all of the Shares the subject of the Transfer Notice within the ROFR Period, the Selling Shareholder may at any time within \*\* after the expiry of the ROFR Period transfer, such remaining number of Shares which the

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Other Shareholder did not subscribe for under the ROFR Acceptance Notice(s), to the Third Party Purchaser that made the Offer (and to no other Third Party Purchaser), provided that:

- 20.4.1 the transfer is on the Key Terms contained in the Offer (or terms that are more advantageous to the Selling Shareholder);
- 20.4.2 the Third Party Purchaser is not a Prohibited Purchaser;
- 20.4.3 the Selling Shareholder first notifies the Company and the Other Shareholder of the proposed completion date of the transfer to the Third Party Purchaser (the " **Third Party Completion Notice** "), and
- 20.4.4 if the Transfer is not completed within the \*\* period referred to above, the Selling Shareholder shall not be entitled to transfer its or their Shares without serving a further Transfer Notice in accordance with this Clause 20,

and subject further to Clause 21 ( *Tag Along Rights* ) and the Transfer Terms.

20.5 A Transfer Notice and a ROFR Acceptance Notice shall each be governed by English law and be irrevocable.

20.6 This Clause shall not apply to a transfer of Shares pursuant to Clause 21 ( *Tag Along Rights* ).

## 21. TAG ALONG RIGHTS

21.1 Within \*\* of:

21.1.1 receipt of written notice from either Yandex or Uber (for the purposes of this Clause 19, a Selling Shareholder) of its consent to the other Shareholder (for the purposes of this Clause 19, the Other Shareholder) Transferring some or all of its Shares (or any interest therein or in respect thereof) prior to the expiry of the Lock-up Period in accordance with Clause 19.2; or

21.1.2 receipt of a Third Party Completion Notice (which, for the avoidance of doubt shall only occur after the expiry of the Lock-up Period and at any time prior to a Qualified IPO);

the Other Shareholder shall be entitled, by written notice to the Selling Shareholder (the " **Tag Along Notice** "), to require that the Selling Shareholder comply with Clause 21.2.

21.2 Upon delivery of a Tag Along Notice by the Other Shareholder within the period specified in Clause 21.1 (the Other Shareholder, a " **Participating Shareholder** "):

21.2.1 subject to Clauses 21.2.1 and 21.2.4, the Participating Shareholder shall be bound to participate in the transfer to the Third Party Purchaser in accordance with its terms and conditions;

21.2.2 the Selling Shareholder shall use its or their reasonable endeavours to procure that the Third Party Purchaser purchases, or procures the purchase of the proportion of the Shares held by each Participating Shareholder equal to the proportion which the number of Shares to be transferred by the Selling Shareholder bears to the total number of Shares held by the Selling Shareholder immediately prior to such sale;

21.2.3 at the same time and on the same Key Terms as the Third Party Purchaser purchases the Shares held by the Selling Shareholder; and

21.2.4 the Selling Shareholder shall not complete the sale to the Third Party Purchaser unless (save due to default by the Participating Shareholder) the Third Party Purchaser (or its nominee(s)) purchase(s) the relevant Shares of the Participating Shareholder at the same time and on the same Key Terms as the Third Party Purchaser purchases the Shares being sold by the Selling Shareholder.

21.3 A Tag Along Notice shall be irrevocable and shall be governed by English law.

## 22. LIQUIDITY EVENT

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- 22.1 The Parties acknowledge and agree that the terms and conditions of any Liquidity Event shall be consistent with the then prevailing international standard practice.
- 22.2 Upon commencement of the processes in respect of a Liquidity Event, each Shareholder shall:
- 22.2.1 cooperate with (and procure so far as it lawfully can that each Group Company and each Supervisory Director and Managing Director it has nominated for appointment to the Company, shall cooperate with) the Company and its financial and other advisers in order to achieve such a Liquidity Event;
- 22.2.2 procure, so far as it lawfully can, that the Company and (where applicable) any Supervisory Director and Managing Director nominated for appointment by such Shareholder shall use all reasonable endeavours to achieve the Liquidity Event; and
- 22.2.3 subject to Clause 22.1, do all such acts and things and execute all such documents and deeds as it may reasonably be requested to do by the Company or any other Shareholder for the purposes of achieving the Liquidity Event (provided that no Shareholder shall be required to agree to do any such act or thing which shall have the effect of imposing upon it an obligation to contribute a greater amount of capital or other funds (whether in cash or kind) to the Company than it is already obliged to contribute). The Shareholders shall act in good faith and use reasonable endeavours to seek to minimise the extent of the other Shareholder's obligations under this Clause 22.2.2.
- 22.3 Without limiting Clause 22.2 or paragraph 4 of the Transfer Terms, the Shareholders shall and shall procure that each member of the Group's management (including any Supervisory Director and Managing Director nominated for appointment by the relevant Shareholder) shall, act reasonably to facilitate the Liquidity Event process including providing reasonable access to Confidential Information (subject to appropriate undertakings from any recipient(s) to maintain the confidentiality of that information), responding to due diligence enquiries and (if requested) providing management presentations and management meetings.
- Potential Third Party Purchasers**
- 22.4 Each Shareholder shall notify the other Parties as soon as reasonably practicable of any good faith approach from a potential Third Party Purchaser who is interested in acquiring any shares in a Group Company or a substantial part of the Business.
23. **QUALIFIED IPO**
- 23.1 The Shareholders acknowledge and agree that at any time:
- 23.1.1 after Completion and before the \*\* of Completion, a Qualified IPO shall require the written consent of both Yandex and Uber;
- 23.1.2 after the \*\* of Completion, Yandex shall have the right but not the obligation to initiate a Qualified IPO without the written consent of Uber; and
- 23.1.3 subject to Clause 23.3 below, after \*\* of Completion (for so long as Uber maintains at least \*\* of its Initial Proportion) Uber shall have the right but not the obligation to initiate a Qualified IPO without the written consent of Yandex.
- 23.2 If either Yandex or Uber seek to exercise its rights under Clause 23.1 it must give notice in writing to the Company and the other Shareholder (" **Qualified IPO Notice** ").
- 23.3 Subject to Clause 23.4, if Uber seeks to initiate a Qualified IPO in accordance with Clause 23.1.3, Yandex shall be entitled to give a notice in writing to Uber within \*\* of receipt of its Qualified IPO Notice exercising its right to defer the Qualified IPO for a period of up to \*\*. If Yandex does not notify Uber of such deferral within \*\*, it shall forfeit the right to any deferral in this Clause 23.3 in the future.
- 23.4 Yandex shall only be allowed to exercise its right to defer a Qualified IPO initiated by Uber on no more than \*\* occasions. If Yandex has exercised \*\* such deferral rights, and Uber

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exercises its rights under Clause 23.1.1 and a Qualified IPO has not been consummated within \*\* following the expiration of the \*\* such exercise, then Clause 20 ( *Right of first refusal* ) shall not apply to any Transfer by Uber to a Third Party Purchaser following such deferral and Clauses 23.5 to 23.8 (inclusive) shall instead apply.

**ROFO on deferral of Qualified IPO**

- 23.5 In the event of a proposed Transfer by Uber to a Third Party Purchaser in circumstances described in Clause 23.4, Uber shall by notice in writing (a " **ROFO Notice** ") to Yandex:
- 23.5.1 state that it desires to sell some or all of its Shares;
- 23.5.2 specify the price per share at which Uber is willing to sell the Shares to Yandex (the " **Prescribed Price** ") and the terms on which Uber is willing to effect such transfer (the " **Prescribed Terms** "); and
- 23.5.3 offer the Shares for purchase by Yandex at the Prescribed Price and on the Prescribed Terms (the " **ROFO Offer** ").
- 23.6 Yandex shall have a period of \*\* from the date of the ROFO Notice in which to accept or reject the ROFO Offer (the " **ROFO Acceptance Period** "). Any acceptance of the ROFO Offer during the ROFO Acceptance Period shall be in writing and shall be irrevocable once made (a " **ROFO Acceptance Notice** "), at which point Yandex shall be bound to purchase the Shares at the Prescribed Price and on the Prescribed Terms.
- 23.7 Any transfer of Shares to Yandex in accordance with the ROFO Offer shall be in accordance with the Transfer Terms and completed at a place and time to be appointed by Uber by notice in writing to Yandex, such date being not later than \*\* after the date of the relevant ROFO Acceptance Notice.
- 23.8 If Yandex does not serve a ROFO Acceptance Notice during the ROFO Acceptance Period, Uber shall be entitled to sell the Shares to any Third Party Purchaser in accordance with the Transfer Terms, provided that the:
- 23.8.1 price at which the Shares are sold to any Third Party Purchaser shall not be less than the Prescribed Price and the terms and conditions of such sale shall not be materially more favourable to the Third Party Purchaser than the Prescribed Terms;
- 23.8.2 Third Party Purchaser is not a Prohibited Purchaser; and
- 23.8.3 Transfer is completed within \*\* after the date of the ROFO Notice, and further subject to the Transfer Terms.

**Conduct of Qualified IPO**

- 23.9 If a Shareholder initiates a Qualified IPO (and such Qualified IPO is not deferred in accordance with Clause 23.3) the Company must promptly proceed with preparation and implementation of the Qualified IPO and must take each of the following steps as directed by the Supervisory Board, taking into consideration the views, preferences and recommendations of the initiating Shareholder:
- 23.9.1 instruct professional advisers to advise the Supervisory Board and the Company on the Qualified IPO, including accountants, lawyers, valuers and actuaries;
- 23.9.2 engage underwriters for the Qualified IPO which are chose by the initiating Shareholder provided they are reasonably acceptable to the Company;
- 23.9.3 establish a due diligence committee for the Qualified IPO and undertake a due diligence review of the Company in accordance with any procedures and guidelines established by that committee;
- 23.9.4 prepare a prospectus and other necessary offering documentation for the Qualified IPO;
- 23.9.5 make listing applications and filings with the relevant Governmental Authorities;
- 23.9.6 enter into underwriting agreement(s) with the underwriter(s) on customary terms; and

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- 23.9.7 in the case of a US Qualified IPO, any additional requirements set out in Schedule 4 ( *Registration Rights* ).
- 23.10 The conduct of a US Qualified IPO shall be deemed a Company registration under Clause 2.2 of Schedule 4 and Uber shall have the registration rights set forth therein.
- Participation in a Qualified IPO**
- 23.11 Each Shareholder must take the following steps promptly upon receiving written request from the Supervisory Board confirming that such steps are necessary to facilitate the preparation and implementation of the Qualified IPO:
- 23.11.1 in proportion to its Shareholding (and on pro rata basis as between the two Shareholders), offer for sale under the Qualified IPO no fewer than that number of its Shares, if any, necessary to result in a percentage of the then issued Shares as may be necessary to meet the minimum listing requirements of the relevant stock exchange or listing authority to be in public hands;
- 23.11.2 enter into agreements as a shareholder of the Company to agree to, and pass necessary shareholder resolutions to approve, the Qualified IPO, including any issue of Shares by the Company or offer of Shares for sale under the Qualified IPO offered by the Shareholder;
- 23.11.3 as and when required under any Applicable Law, or as reasonably required by the underwriters for the Qualified IPO, agree to be bound by restrictions on disposal of Shares and give such warranties and undertakings (on a several and pro rata basis) required by the underwriters as the Supervisory Board may consider usual in similar transactions;
- 23.11.4 capitalise or otherwise reorganise any Shareholder loans in such a way as may be fair and equitable to the Shareholders; and
- 23.11.5 any other steps which may be reasonably required to be taken on the part of the relevant Shareholder for the preparation and implementation of the Qualified IPO.
- Qualified IPO lock-up period**
- 23.12 In connection with a Qualified IPO, each of Yandex and Uber agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to such Qualified IPO, and ending on the date specified by the Company and the managing underwriter (such period not to exceed \*\*): (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Shares held immediately before the effective date of the Qualified IPO or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or other securities, in cash, or otherwise. The foregoing provisions of this Clause 23.12 shall not apply to the sale of any Shares to an underwriter pursuant to an underwriting agreement or Shares purchased by a Shareholder in open market transactions following the Company's initial public offering, and shall be applicable to Uber and Yandex only if all officers and directors, and holders of more than \*\* of the securities of the Company, are subject to the same restrictions. The underwriters in connection with such Qualified IPO registration are intended third party beneficiaries of this Clause 23.12 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each of Yandex and Uber further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such Qualified IPO registration that are consistent with this Clause 23.12 or that are necessary to give further effect thereto.
- 23.13 The restrictions in Clause 23.12 shall survive termination of this Agreement and shall only apply only to the Company's initial offering of equity securities.

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**Registration rights**

- 23.14 The Parties acknowledge and agree that in the event of a US Qualified IPO on a stock exchange or listing authority located in the United States of America Yandex and Uber will require, as a condition of, and prior to, such Qualified IPO that the Company enters into a registration rights agreement in favour of Yandex and Uber consistent with the terms set out in Schedule 4 ( *Registration Rights* ).
24. **DRAG SALE**
- 24.1 If, after the Lock-up Period expires and prior to a Liquidity Event, Yandex procures an offer from a Third Party Purchaser(s) to acquire such number of shares that (i) would trigger a change in Control of the Company, and (ii) results in a valuation of the Company based on a price per Share not less than \*\* of the Entry Price (" **Exit Offer** "), then subject to Clause 24.2 ( *Right of First Refusal* ), Yandex shall be entitled to give a notice in writing to Uber pursuant to Clause 24.4 (a " **Drag Along Notice** ") within \*\* of receipt of the Exit Offer. A Drag Along Notice shall be irrevocable and shall be governed by English law. A Drag Along Notice shall include the name of the Third Party Purchaser(s) and, to the extent known by Yandex after using reasonable endeavours to find out the same, the name of the ultimate beneficial owner(s) of such Third Party Purchaser(s).
- 24.2 Upon receipt of a Drag Along Notice in accordance with Clause 24.1, for so long as Uber holds more than \*\* of its Initial Proportion, Uber shall have the rights set forth in Clause 20.1, which shall apply in respect of a Drag Along Notice as if it were a Transfer Notice. Clauses 20.2 to 20.3 shall apply in respect of the Exit Offer and the acceptance period and process in respect thereof, *mutatis mutandis* .
- 24.3 If Yandex does not receive full acceptance from Uber within the \*\*period, or Yandex receives such acceptance but Uber is unable to complete the acquisition of Yandex's Shares within \*\* (subject to any longer period that may be required as a result of any regulatory, antitrust or other mandatory clearances that may be legally necessary) after the date of the Exit Offer, Yandex shall be free to seek Third Party Purchaser(s) to acquire the entire share capital of the Company, together with any other securities of the Company, on the terms set out in Clause 24.1.
- 24.4 If Yandex seeks to transfer its Shares to a Third Party Purchaser(s) in accordance with Clause 24.3, Uber shall be required to transfer all of its Shares and other securities of the Company to the Third Party Purchaser(s) at the same time and on the same terms as the Third Party Purchaser(s) purchases all of the Shares and other securities held by Yandex (a " **Drag Sale** "), provided that:
- 24.4.1 the parties continue to comply with the terms of the Deed of Covenant then in force. For the avoidance of doubt, Uber shall not be required to enter into any further protective undertakings in connection with any Drag Sale;
- 24.4.2 Uber shall not be required to make any representation or warranty to the Third Party Purchaser(s) pursuant to the Drag Sale other than warranties as to: (i) good title to the Shares it transfers; (ii) the absence of any Encumbrance with respect to its Shares; and (iii) its capacity and authority to undertake the proposed transfer of its Shares;
- 24.4.3 the liability for indemnification, if any, of Uber in the Drag Sale and for the inaccuracy of any representations and warranties made by Uber or the Company to the Third Party Purchaser(s) in connection with the Drag Sale, is several and not joint with the Company or Uber, and does not exceed, the amount of consideration paid to Uber in connection with the Drag Sale;
- 24.4.4 Uber shall not be required to make out-of-pocket expenditures prior to the consummation of the Drag Sale nor shall Uber be obligated to pay for any transaction expenses incurred by Yandex for its sole benefit;

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- 24.4.5 Uber shall not be required to waive any right or benefit to which Uber may be entitled pursuant to then-existing contractual rights to which Yandex is generally not entitled;
- 24.4.6 if Yandex is given an option as to the form and amount of consideration to be received, Uber will be given the same option; and
- 24.4.7 the consideration that is payable or otherwise transferable to the Other Shareholders pursuant to the Drag Sale must be non-deferred and non-contingent cash consideration (in immediately available funds) or equivalent Non-Cash Consideration payable or otherwise transferable upon completion of the relevant Transfer and Uber shall not be required to provide any security in connection with the Drag Sale.
- 24.5 Clauses 22.2 and 22.3 shall apply in respect of the process contemplated by this Clause 24 as if it were a Liquidity Event.
- 24.6 If the Drag Sale does not complete within \*\* after the date of the Drag Along Notice (other than due to default by Uber under this Agreement or in respect of the Drag Sale transaction itself), the Drag Along Notice shall automatically expire.
25. **DEFAULT**
- 25.1 A Shareholder commits an event of default (an " **Event of Default** ") if:
- 25.1.1 it breaches any provision of Clause 19.1 ( *General restriction on transfers* ) or Clause 19.12 ( *Permitted transfers* ) and the breach is not capable of being remedied or is not remedied within \*\* of the other Shareholder sending it written notice requiring it to remedy the breach; or
- 25.1.2 an Insolvency Event occurs in respect of it.
- 25.2 Each Shareholder undertakes to notify the other Shareholder(s) and the Company if an Event of Default occurs or exists in respect of it.
- 25.3 If an Event of Default is committed by a Shareholder (the " **Defaulting Shareholder** "), each other Shareholder (each, a " **Non-Defaulting Shareholder** ") may serve notice on the Defaulting Shareholder (a " **Default Notice** ") stating that it considers an Event of Default to have been committed by the Defaulting Shareholder.
- 25.4 The Default Notice shall set out in reasonable detail the basis on which the Non-Defaulting Shareholder(s) have concluded that an Event of Default has arisen in respect of the Defaulting Shareholder and shall notify the Defaulting Shareholder of the Non-Defaulting Shareholder(s)' intention to exercise its rights under this Clause 25 by no earlier than \*\* following the date of the Default Notice.
- 25.5 If the Event of Default has not been remedied to the satisfaction of the Non-Defaulting Shareholder(s) (acting reasonably) by the expiry of the period set out in the Default Notice, the Non-Defaulting Shareholder(s) shall be entitled to give notice in writing to the Defaulting Shareholder (copied to the Company) at any time whilst such Event of Default subsists (the " **Event of Default Remedy Notice** ").
- 25.6 With effect from the giving of an Event of Default Remedy Notice, then without prejudice to the Defaulting Shareholder's obligations under this Agreement and to the other rights or remedies available to the Non-Defaulting Shareholder(s) with respect to the Defaulting Shareholder (including without limitation any right to claim for damages under Applicable Law for breach of this Agreement or, where appropriate, to seek an injunction, specific performance or other similar court order to enforce the obligations of the Defaulting Shareholder), the Defaulting Shareholder shall not, nor shall it be entitled to, exercise any of its powers or rights under this Agreement or the Articles in relation to management, or (except in the case of an Event of Default referred to in Clause 25.1.2) participation in the profits, of the Company (for so long as the Event of Default subsists and on the basis that any profits that it may not have participated in will be distributed or paid once the Event of Default has ceased to subsist). Without limiting the foregoing.

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- 25.6.1 any requirement in this Agreement or the Articles that the Defaulting Shareholder is required to be present (in person or by a representative) at a Shareholders' general meeting to make it quorate shall cease to apply;
- 25.6.2 the Defaulting Shareholder shall not be entitled to nominate for appointment any Supervisory Directors and its consent shall not be required for, nor shall it be entitled to vote against or otherwise prevent, the removal of any Supervisory Director appointed or nominated for appointment by it or the appointment of any new (or replacement) Supervisory Director;
- 25.6.3 the Defaulting Shareholder shall exercise all of its voting rights as may be directed by Yandex (if the Defaulting Shareholder is Uber) or by Uber (if the Defaulting Shareholder is Yandex) (the "Attorneys") and hereby appoints the Attorneys, to act as the attorney-in-fact of the Defaulting Shareholder with full power of substitution in the name and stead of the Defaulting Shareholder to execute, acknowledge, swear to and deliver such documents and instruments as may be necessary or appropriate to exercise the voting rights of the Defaulting Shareholder in such manner as the Attorneys deem appropriate at their sole discretion. The grant of power of attorney by the Defaulting Shareholder under this Clause is and shall be irrevocable (for so long as the Event of Default subsists);
- 25.6.4 any Supervisory Director nominated for appointment by the Defaulting Shareholder shall be removed in accordance with Clause 6.6 as if the Defaulting Shareholder had given the notice referred to in that Clause, and without prejudice to this undertaking such Supervisory Director(s) shall not:
- (A) be required to attend or vote at any meeting of Supervisory Directors to constitute a quorum (and any requirement in this Agreement or the Articles that Supervisory Directors nominated for appointment by such Shareholder are required to be present at a Supervisory Board meeting to make it quorate shall cease to apply); or
- (B) subject to Applicable Law, be entitled to receive or request any information from any Group Company.
26. **COMPLIANCE BREACH**
- 26.1 If Uber believes in good faith that the Group or any of its directors, officers, employees or other Shareholders has acted or failed to act, in such manner so as to reasonably establish a prima facie material violation of Clauses 15.2, 15.3, 15.4, 15.5 or 15.6 (a "**Compliance Breach**") Uber shall provide written notice of its concerns to the Supervisory Board (a "**Compliance Notice**").
- 26.2 The parties shall use their respective reasonable efforts to procure that a meeting of the Supervisory Board is convened as soon as practicable after a Compliance Notice is sent by Uber pursuant to Clause 26.1. If the Supervisory Board fails, in the reasonable opinion of Uber (on the advice of external legal counsel), to decide upon and approve an appropriate method by which the Company shall investigate and resolve the matter identified in the Compliance Notice within \*\* or if the Compliance Breach identified in the Compliance Notice is not remedied within \*\* and to the reasonable satisfaction of Uber, Uber shall be entitled to exercise any one of its rights under Clauses 26.3, 26.4 and 26.5 to 26.8 (inclusive).
- Regulatory exit**
- 26.3 Uber shall be entitled to Transfer \*\* of its Shares to any Shareholder or third party if, at any time following the date of this Agreement, Uber (or any of its Permitted Affiliates) continuing to hold any Shares would result, or would reasonably be expected to result, or Uber or any of its Affiliates receives advice from a leading law firm experienced in such matters, or notice from or is informed by a Government Authority or the staff thereof, to the effect that continuing to hold such Shares would result in Uber or any one of its Affiliates breaching any provision of Corruption Laws or Sanctions, or any similar laws or rules or regulations. Clause 20 ( *Right of First Refusal* ), Clause 21 ( *Tag Along Rights* ), Clause 22 ( *Liquidity Event* ), Clause 23



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( *Qualified IPO* ) and Clause 24 ( *Drag Sale* ) shall not apply to any transfer permitted by this Clause 26.3.

**Step down**

26.4 Uber, in its sole discretion, shall have the right but not the obligation, for so long as it deems appropriate, to relinquish its:

26.4.1 right to nominate for appointment or to appoint any Nominee Supervisory Director(s) and Uber shall procure that any Nominee Supervisory Director(s) nominated for appointment by it shall not be entitled to vote at any Supervisory Board meeting and, for the purposes of Clause 7.7, the quorum for a Supervisory Board meeting shall not be required to include the Nominee Supervisory Director(s) nominated for appointment by Uber. Any Nominee Supervisory Directors nominated for appointment shall promptly resign or be removed by Uber; and

26.4.2 consent right under Clause 11 ( *Reserved Matters* ) in relation to the Reserved Matters.

**Step in**

26.5 Uber shall, subject to giving written notice to the Supervisory Board (a " **Step-In Notice** "), have the right (but not the obligation) to give binding written instructions to the management of the Company and the Group to take such actions and do such other things as Uber believes necessary or appropriate to remedy the Compliance Breach identified in the Compliance Notice (the " **Step-In Rights** "); it being understood that it shall be the management's responsibility to implement such instructions and carry out such other actions as the management shall deem reasonably required to remedy the Compliance Breach. Uber shall specify in the Step-In Notice the initial Uber representatives authorised to exercise Uber's Step-In Rights, and may from time to time by subsequent written notices designate other Uber representatives, authorised to exercise Uber's Step-In Rights.

26.6 Uber's Step-In Rights shall be to:

26.6.1 investigate and verify the facts and circumstances of the Compliance Breach;

26.6.2 identify the person or persons responsible for the Compliance Breach;

26.6.3 identify the actions or failures to act that constituted, caused or permitted the Compliance Breach;

26.6.4 identify any deficiencies in any Group Company controls or procedures that may have permitted, facilitated or resulted in the Compliance Breach;

26.6.5 take disciplinary action, up to and including termination of employment, concerning any Group Company employees responsible for the Compliance Breach;

26.6.6 exercise any contractual or other rights or remedies any Group Company may have against any contractors or other third parties responsible for the Compliance Breach;

26.6.7 instruct Group Company personnel to adopt or revise controls, or to adopt, revise or eliminate procedures, in order to prevent, detect, identify, investigate and correct unethical, illegal or otherwise improper business practices, including violations of Corruption Laws or Sanctions, or any similar laws or rules or regulations; and

26.6.8 any other action reasonably related or incidental to those actions listed in this Clause 26.6.

26.7 Uber's Step-In Rights in relation to a specific Compliance Notice shall terminate on the earlier of (i) the date on which the Compliance Breach identified in the Compliance Notice is remedied to Uber's reasonable satisfaction (on which date Uber shall give notice to the Company that it has concluded the exercise of its Step-In Rights, the " **Step-Out Notice** ") or (ii) the Step-In Long Stop Date (as defined below). On the earlier of the Step-In Long Stop Date or following receipt of the Step-Out Notice (as the case may be), the Shareholders shall procure that a meeting of the Supervisory Board be convened to discuss the results of the

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Company's investigation and implementation of correction measures and any additional action to be taken for the prevention of any further Compliance Breach.

26.8 For the purposes of clause 26.7, the " **Step-In Long Stop Date** " shall mean the date which is \*\* after the date on which a Step-In Notice is received by the Supervisory Board.

**Further assurances for compliance**

26.9 The Shareholders shall, and shall cause the Nominee Supervisory Directors appointed by them and the Group Companies to, cooperate fully with Uber and Uber's representatives in the exercise of the rights under the foregoing provisions in this Clause 26 and provide all assistance that Uber or Uber's representatives may reasonably request in connection therewith. Such cooperation and assistance shall include, but shall not be limited to procuring (to the extent lawfully possible) that the Nominee Supervisory Directors appointed by them vote, and that the Group Companies vote their shares in Subsidiaries and procure that the Subsidiaries' directors vote, in favour of any action necessary, or reasonably requested by Uber, to give effect to the rights under the foregoing provisions in this Clause 26.

**27. NOTICES**

27.1 Any notice (including any approval, consent or other communication) in connection with this Agreement shall be in writing in English and delivered by hand or courier (using an internationally recognised courier company) to the address specified in Clause 27.3 or to such other address as the relevant Party may from time to time specify by notice to the other Parties given in accordance with this Clause, and for the avoidance of doubt a notice shall not be deemed to be given if made only by email, but a courtesy copy of each notice shall also be sent to the email address(es) specified in Clause 27.3 or to such other email address(es) as the relevant Party may from time to time specify by notice to the other Parties given in accordance with this Clause.

27.2 A notice shall be effective upon receipt and shall be deemed to have been received at the time of delivery, if delivered by hand or courier provided that, in either case, where delivery occurs after 5.00pm, notice shall be deemed to have been received at 9.00am on the next following Business Day.

27.3 The relevant details of each Party at the date of this Agreement are:

In relation to Yandex	In relation to Uber
Address: Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands	Address: 1455 Market Street, 4th Floor San Francisco, CA 94103
**	**
**	**
With a copy to: Gregory Abovsky, COO Yandex LLC 16 Leo Tolstoy Str. Moscow 119021 Russia **	With a copy to: Jamie Leigh Cooley LLP 101 California Street San Francisco, CA United States of America **
Timothy Corbett Morgan, Lewis & Bockius UK LLP Condor House, 5-10 St. Paul's Churchyard London EC4M 8AL United Kingdom **	Tomasz Wozniak Herbert Smith Freehills LLP Exchange House 12 Primrose Street London EC2A 2EG **

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In relation to the Company	In relation to the Foundation
Address: Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands	Address: Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands
**	**
**	**
With a copy to each of: Timothy Corbett Morgan, Lewis & Bockius UK LLP Condor House, 5-10 St. Paul's Churchyard London EC4M 8AL United Kingdom	With a copy to: Timothy Corbett Morgan, Lewis & Bockius UK LLP Condor House, 5-10 St. Paul's Churchyard London EC4M 8AL United Kingdom
**	**

27.4 Should a Party fail to notify another Party of any change to its address in accordance with Clause 27.1, then any notice served under this Clause shall be validly served by that second Party if served to the address listed in Clause 27.3.

**28. TERM**

28.1 This Agreement shall, subject always to the Surviving Provisions in Clause 28.3, continue in force and effect following Completion until the earliest to occur of the following events:

28.1.1 all of the Shareholders agree in writing to terminate it;

28.1.2 a Qualified IPO becoming effective; and

28.1.3 all of the Shares held by the Shareholders becoming held by one Shareholder (whether or not together with its Permitted Affiliates).

28.2 Without limiting Clause 28.1 and without prejudice to the continuation of this Agreement with respect to all other Shareholders who are party (or who, in accordance with Clause 19.6 have adhered) to it, this Agreement shall terminate with respect to a Shareholder if that Shareholder ceases to hold Shares in the Company (subject to Clause 19.5)

28.3 Upon termination of this Agreement the provisions of this Agreement (other than the Surviving Provisions) shall automatically terminate and cease to have any effect and no Party, nor any person having third party rights under this Agreement, shall have any claim against any other under it, except in relation to any prior breach or under the Surviving Provisions.

**29. ANNOUNCEMENTS AND CONFIDENTIALITY**

**Announcements**

29.1 No Shareholder nor the Company shall (and each Shareholder shall procure that none of its Affiliates or subsidiary undertakings or parent undertakings shall):

29.1.1 make or send; or

29.1.2 permit another person to make or send on its behalf,

a public announcement or circular regarding the existence or the subject matter of a Transaction Agreement, unless it has first obtained each other Party's written permission (that permission not to be unreasonably withheld or delayed).

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**Permitted announcements**

- 29.2 Clause 29.1 does not apply to an announcement or circular:
- 29.2.1 which is required by Applicable Law, a court of competent jurisdiction or a competent judicial, governmental, supervisory or regulatory body; or
  - 29.2.2 which is required by a rule of a stock exchange or listing authority on which the shares or other securities of a member of the disclosing person's group are listed or traded.

**Consultation**

- 29.3 A Party that is required to make or send an announcement or circular in the circumstances contemplated by Clauses 29.2.1 and 29.2.1, must, before making or sending the announcement or circular, consult with each other Party and take into account each other Party's requirements as to the timing, content and manner of making the announcement or circular to the extent it is permitted to do so by Applicable Law and to the extent it is reasonably practicable to do so.

**Confidentiality**

- 29.4 Save as provided in Clause 29.5, no Party shall, without the consent of the other Parties, disclose to any third party, or use or exploit commercially for its or their own purposes any Confidential Information.

**Permitted disclosures**

- 29.5 Subject further to Clause 29.6, Clause 29.4 does not apply to a disclosure or use of Confidential Information in the following circumstances:
- 29.5.1 the disclosure or use is required by Applicable Law or required or requested by a Governmental Authority;
  - 29.5.2 the disclosure or use is required by a rule of a stock exchange or listing authority on which the shares or other securities of a Party or its Affiliates are listed or traded;
  - 29.5.3 the disclosure is made to a Party's Affiliate, parent undertaking or subsidiary undertakings or a subsidiary undertaking of such parent undertaking, or its or their directors, officers or senior employees to the extent reasonably required for purposes connected with this Agreement (including permitted transfers), in which case the disclosing person is responsible for ensuring that the relevant recipient(s) complies with the terms of Clause 29.4 as if it were a party to this Agreement;
  - 29.5.4 to the extent that the relevant Confidential Information is in the public domain otherwise than by breach of this Agreement by any Party;
  - 29.5.5 the Confidential Information is disclosed to such Party by a third party who is not in breach of any undertaking or duty as to confidentiality whether express or implied;
  - 29.5.6 the disclosure or use is required for the purpose of legal proceedings arising out of a Transaction Agreement or the disclosure is required to be made to a Tax Authority in connection with the Tax affairs of a disclosing Shareholder or any of its Affiliates;
  - 29.5.7 the disclosure is made to a professional adviser of the disclosing person, in which case the disclosing person is responsible for ensuring that the professional adviser complies with the terms of Clause 29.4 as if it were a party to this Agreement; or
  - 29.5.8 the disclosing Party is disclosing information that a prudent prospective purchaser of Shares, or a prospective provider of debt finance to such prudent prospective purchaser of Shares, might reasonably require to know and which is disclosed pursuant to negotiations for an arm's length sale of Shares to a recipient which, in the reasonable opinion of the disclosing Party, is a prospective purchaser able to complete the purchase of the Shares or which is a provider of debt finance to such prospective purchaser, provided that before any information is disclosed, the intended recipient of such information shall have given a confidentiality undertaking

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for the benefit of the Company, pursuant to which the intended recipient shall be required to observe the same restrictions on the use of the relevant information as are contained in Clause 29.4 and subject to the same exceptions as are contained in this Clause 29.5, and in such case:

(A) the Company shall cooperate in providing such information to the prospective purchaser as the prospective purchaser shall reasonably request; and

(B) the Company shall assist in the marketing of the Shares, including in the preparation and delivery of presentations on the Group to be used during the course of presentations to investors in connection with the potential sale, including in the context of early-look, pilot fishing, pre-marketing, roadshow and other presentations.

29.6 Before a Party makes a disclosure in the circumstances contemplated by Clause 29.5.1 or 29.5.2 it shall, to the extent it is permitted to do so by Applicable Law and to the extent it is reasonably practicable to do so, notify each other Party of such disclosure and consult with each other Party and take into account each other Party's requirements as to the timing, content and manner of making the disclosure (except for disclosure for legal or regulatory reasons where the disclosure is made to a regulatory body only in the ordinary course of its supervisory function).

29.7 For the avoidance of doubt, and notwithstanding any provision in this Agreement, in the event of an Uber IPO, Uber (or any of its Affiliates) shall be entitled to make such disclosure as would be required or customary for an initial public offering of that nature in the relevant jurisdiction.

30. **MISCELLANEOUS**

**Warranties**

30.1 Each Party warrants to each other Party that each of the Party Warranties is true, accurate and not misleading in respect of itself at the date of this Agreement.

**Assignment**

30.2 Subject to Clause 30.3, no Party may at any time assign, transfer, charge or deal in any other manner with this Agreement or any of its rights under it (including holding an interest on trust for another), nor purport to do so, nor sub-contract any or all of its obligations under this Agreement without having obtained the prior written consent of each other party. Any purported dealing in contravention of this Clause shall be void.

30.3 Subject to Clauses 19.8 and 19.10, a Party may assign or transfer, to a Permitted Affiliate to which it transfers its Shares pursuant to Clause 19.4 and which has entered into a Deed of Adherence as contemplated by that Clause, such of its rights and obligations pursuant to this Agreement as are attributable to the transferred Shares. Each Party agrees to do such acts and things (including executing and delivering any deed of novation or other deed or agreement) as the transferring Party reasonably requests to perfect the transfer of such rights and obligations to such transferee.

**Third party rights**

30.4 With the exception of the right of (a) persons entering into a Deed of Adherence as contemplated by Clause 19.6 to enforce the terms of Clause 19.6 and paragraph 3(b) of Schedule 3 and (b) Managing Directors and Supervisory Directors to enforce the terms of Clauses 8.2 and 8.3 (*Indemnification of Managing Directors and Supervisory Directors, Insurance and Advancement of Expenses*) (a "Third Party"), no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Agreement. The right of a Third Party shall be subject to the provisions of Clause 31 (*Governing law and Dispute Resolution*). The Parties may by agreement rescind or vary any term of this Agreement without the consent of any Third Party.

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**Entire agreement**

- 30.5 Each of the Parties confirms that this Agreement together with the Transaction Agreements and the agreed form documents and any documents referred to in any of them, represents the entire understanding, and constitutes the whole agreement, in relation to its subject matter and supersedes any previous agreement between the Parties with respect thereto (including, for the avoidance of doubt the term sheet executed by the representatives of certain of the Parties on 18 May 2017, the binding obligations of which are hereby terminated notwithstanding anything in that document which purports to do otherwise) and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom, usage or course of dealing.
- 30.6 Each Party confirms that:
- 30.6.1 in entering into this Agreement it has not relied on any representation, warranty, assurance, covenant, indemnity, undertaking or commitment which is not expressly set out in this Agreement or the Transaction Agreements or the agreed form documents or any document referred to in any of them; and
- 30.6.2 in any event, without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement, the only rights or remedies in relation to any representation, warranty, assurance, covenant, indemnity, undertaking or commitment given or action taken in connection with this Agreement or the Transaction Agreements or the agreed form documents or any document referred to in any of them are those pursuant to this Agreement or such Transaction Agreement or agreed form document or document referred to in any of them, and for the avoidance of doubt and without limitation, no Party has any other right or remedy (whether by way of a claim for contribution or otherwise) in tort (including negligence) or for misrepresentation (whether negligent or otherwise, and whether made prior to, and/or in this Agreement).

**Unenforceable provisions**

- 30.7 If any provision or part of this Agreement is void or unenforceable due to any Applicable Law, it shall be deemed to be deleted and the remaining provisions of this Agreement shall continue in full force and effect. If any invalid, unenforceable or illegal provision of this Agreement would be valid, enforceable and legal if some part of it were deleted, the provision shall apply with the minimum deletion necessary to make it valid, legal and enforceable.

**No fetter**

- 30.8 The Company shall not be bound by any provision of this Agreement to the extent that it constitutes an unlawful restriction or fetter on its statutory powers or is unlawful financial assistance. This shall not affect the validity of the rights and obligations of the other parties under this Agreement.

- 30.9 Without limiting Clause 30.8, in case any of the obligations undertaken by the Company hereunder is not enforceable against the Company under Applicable Law, the Shareholders undertake to take such action in their capacity as shareholders of the Company to ensure that the Company, in fact, acts in accordance with this Agreement.

**No set off, deduction or counterclaim**

- 30.10 Subject to Clause 30.11, every payment payable by a Party under this Agreement shall be made in full without any set off or counterclaim howsoever arising and shall be free and clear of, and without deduction of, or withholding for or on account of, any amount which is due and payable to a Party under this Agreement.

**Tax**

- 30.11 Any payment made by or due from a Party under, or pursuant to the terms of, this Agreement shall be free and clear of all Tax whatsoever save only for any deductions or withholdings required by Applicable Tax Legislation.
- 30.12 Payments made in connection with this Agreement shall so far as possible be treated by the Parties as an adjustment to any consideration payable pursuant to this Agreement.

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**Currency conversion**

- 30.13 Subject to Clause 1.1, and unless otherwise specified, the rate of exchange to be used for converting amounts specified in this Agreement from one currency into another will be: (i) for any conversion between USD and RUB or EUR and RUB, the rate set by the Central Bank of Russia for the relevant date (provided, however, if the rate determined pursuant to the following sub-clause (ii) defers from such Central Bank Rate by more than \*\*, the rate of exchange to be used shall be the average of such two rates); and (ii) for any other currency the close spot mid-trade composite London rate for a transaction between the two currencies as quoted on the relevant screen page of Bloomberg on the date that is the nearest Business Day in Moscow, the Russian Federation for which that rate is so quoted prior to the relevant date.
- 30.14 For the purposes of the thresholds in Schedule 2 ( *Reserved Matters* ), the " **relevant date** " for the purposes of Clause 30.13 shall be the date on which the relevant matter is approved by the Supervisory Board or the Shareholders (as the case may be).

**Further assurance**

- 30.15 At any time after the date of this Agreement the Parties shall, and shall use all reasonable endeavours to procure that any necessary third party shall, at the cost of the relevant Party, execute and deliver such documents and do such acts and things as that Party may reasonably require for the purpose of giving to that Party the full benefit of all the provisions of this Agreement.

**Waiver**

- 30.16 The rights and remedies of the Parties shall not be affected by any failure to exercise or delay in exercising any right or remedy or by the giving of any indulgence by any other Party or by anything whatsoever except a specific waiver or release in writing and any such waiver or release shall not prejudice or affect any other rights or remedies of the Parties. No single or partial exercise of any right or remedy shall prevent any further or other exercise thereof or the exercise of any other right or remedy.

**Variation**

- 30.17 No variation of this Agreement (or any of the documents referred to in it) shall be valid unless it is in writing (which, for this purpose, does not include email) and signed by or on behalf of each of the Parties. The expression "variation" includes any variation, supplement, deletion or replacement however effected.

**Counterparts**

- 30.18 This Agreement may be executed in any number of counterparts and by the Parties to it on separate counterparts, each of which when executed and delivered shall be an original, but all the counterparts together constitute one instrument. Delivery of a counterpart of this Agreement by email attachment shall be an effective mode of delivery. In relation to each counterpart, upon confirmation by on behalf of a Party that such Party authorises the attachment of its counterpart signature page to the final text of this Agreement, such counterpart signature page shall take effect, together with such final text, as a complete authoritative counterpart.

**No partnership**

- 30.19 Nothing in this Agreement or in any document referred to in it shall constitute any of the Parties a partner of any other, nor shall the execution, completion and implementation of this Agreement confer on any Party any power to bind or impose any obligations to any third parties on any other Party or to pledge the credit of any other Party.

**Costs**

- 30.20 Save as otherwise provided by this Agreement, each Party shall bear its own costs incurred in connection with the preparation, negotiation, entry into and performance of this Agreement and the documents to be entered into pursuant to it. No such costs shall be borne by the Company in respect of the preparation, negotiation and entry into this Agreement.

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**Tax Residency**

- 30.21 Each of the Shareholders agrees with each other that it is intended that the Company shall at all times be resident in the Netherlands for Tax purposes. The Shareholders shall procure that each Group Company remains resident for tax purposes in its jurisdiction of incorporation and that none of the Group Companies becomes resident for tax purposes in any jurisdiction other than its jurisdiction of incorporation (unless otherwise agreed by the Supervisory Board or the Shareholders in accordance with Clause 11 ( *Reserved Matters* ) and, without limiting the generality of the Shareholders' obligations under this Clause 30.21, the conduct of the Company's and its Subsidiaries' affairs shall be managed, so as far as reasonably practicable, to achieve the objectives of this Clause 30.21.

**Language**

- 30.22 This Agreement was negotiated in English and, to be valid, all certificates, notices, communications and other documents made in connection with it shall be in English (save, if required by Applicable Law, for the Articles or the Charter of any Group Company). If all or any part of this Agreement or any such certificate, notice, communication or other document is for any reason translated into any language other than English the English text shall prevail. Each of the Parties understands English and is content for all communications relating to this Agreement to be served on it in English.

**Legal advice**

- 30.23 Each Party confirms it has received independent legal advice relating to all the matters provided for in this Agreement, including the provisions of this Clause, and agrees, having considered the terms of this Agreement as a whole, that the provisions of this Agreement, including this Clause 30.23, are fair and reasonable.

**31. GOVERNING LAW AND DISPUTE RESOLUTION**

**Governing law**

- 31.1 This Agreement and any non-contractual obligations arising out of or in connection with this Agreement are governed by English law.

**Dispute Resolution**

- 31.2 The Parties agree that any claim, dispute, difference or controversy of whatever nature arising under, out of, relating to or in connection with this Agreement (including a claim, dispute, difference or controversy regarding its existence, termination, validity, interpretation, performance, breach, the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Agreement) (a " **Dispute** "), shall be referred to and finally settled by arbitration in accordance with the LCIA Arbitration Rules (the " **Rules** ") as at present in force and as modified by this Clause, which Rules shall be deemed incorporated into this Clause and capitalised terms used in this Clause which are not otherwise defined in this Agreement have the meaning given to them in the Rules. This Clause 31.2 and any non-contractual provisions arising out of or in connection with this Clause 31.2 are governed by English law.

- 31.2.1 The number of arbitrators shall be three, one of whom shall be nominated by the Claimant(s), one by the Respondent(s) and the third of whom, who shall act as presiding arbitrator, shall be nominated by the two party-nominated arbitrators, provided that if the third arbitrator has not been nominated within \*\* of the nomination of the second party-nominated arbitrator such third arbitrator shall be appointed by the LCIA Court. Notwithstanding the provisions of this Clause 31.2.1, the LCIA Court may order expedited formation of the Arbitral Tribunal pursuant to Article 9A of the Rules and for that purpose the LCIA Court may elect and appoint the presiding arbitrator at any time. Notwithstanding any provision to the contrary in the Rules, the Parties may nominate and the LCIA Court may appoint arbitrators (including the presiding arbitrator) from among the nationals of any country, whether or not a Party is a national of that country.



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- 31.2.2 The seat or legal place of arbitration shall be London, England, and the language used in the arbitral proceedings shall be English. All documents submitted in connection with the arbitral proceedings shall be in the English language or, if in another language, accompanied by an English translation. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.
- 31.2.3 Having regard to the Arbitral Tribunal's general duty set out in section 33(1) of the Arbitration Act 1996, the Parties hereby agree that, without derogating from its other powers, the Arbitral Tribunal may, following a written request by any Party at any time after the Response is due, give directions as to a procedure (the "**Summary Procedure**") for determining (i) whether any claim(s), counterclaim(s) or part(s) thereof is reasonably arguable and/or (ii) whether any reasonably arguable defence to the claim(s), counterclaim(s) or part(s) thereof exists and thereafter make an award (which may be a final award) if it determines, respectively, that (i) any claim(s), counterclaim(s) or part(s) thereof is not reasonably arguable or (ii) no such reasonably arguable defence exists. The Arbitral Tribunal shall exercise its discretion under the Arbitration Act 1996 to adopt a procedure suitable for the determination of a request made under this Clause 31.2.3 consistently with its duty as set out in section 33(2) of the Arbitration Act 1996. As part of the Summary Procedure, the Party requesting the Summary Procedure shall be required to make a written submission as to why any claim(s), counterclaim(s) or part(s) thereof is appropriate for summary determination and every other party to the arbitration shall have the opportunity to submit a written response to such submission. The Parties acknowledge and agree that this Clause 31.2.3 provides for due process and gives each Party adequate opportunity to be heard, and that no Party shall challenge or resist enforcement of an award made pursuant to this Clause 31.2.3 on the basis of a failure of due process or lack of opportunity to be heard, whether under Article V(1)(b) of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, Section 68(2)(a) of the Arbitration Act 1996 or otherwise.
- 31.2.4 No Party shall be required to give general discovery of documents but may be required only to produce specific, identified documents or classes of documents which are relevant to the Dispute and material to its outcome.
- 31.2.5 Each Party agrees that the arbitration agreement set out in this Clause 31.2 and the arbitration agreement contained in each Related Agreement shall together be deemed to be a single arbitration agreement.
- 31.2.6 Each Party consents to being joined to any arbitration commenced under this Agreement or a Related Agreement on the application of any other Party if the Arbitral Tribunal so allows, and subject to and in accordance with the Rules. Before the constitution of the Arbitral Tribunal, any party to an arbitration commenced pursuant to this Clause 31.2 may effect joinder by serving notice on any party to this Agreement or any Related Agreement whom it seeks to join to the arbitration proceedings, provided that such notice is also sent to all other parties to the Dispute and the LCIA Court within \*\* of service of the Request for Arbitration. The joined party will become a claimant or respondent party (as appropriate) to the arbitration proceedings and participate in the arbitrator appointment process in Clause 31.2.1.
- 31.2.7 An Arbitral Tribunal constituted under this Agreement may, unless consolidation would prejudice the rights of any party, consolidate an arbitration hereunder with an arbitration under a Related Agreement if the arbitration proceedings raise common questions of law or fact, and subject to and in accordance with the Rules. For the avoidance of doubt, this Clause 31.2.7 is an agreement in writing by all Parties to any arbitrations to be consolidated for the purposes of Article 22.1(ix) of the Rules. If an Arbitral Tribunal has been constituted in more than one of the arbitrations in respect of which consolidation is sought pursuant to this Clause 31.2.7, the Arbitral Tribunal which shall have the power to order consolidation shall be the Arbitral Tribunal appointed in the arbitration with the earlier Commencement Date under Article 1.4 of the Rules (i.e. the first-filed arbitration). Notice of the

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consolidation order must be given to any arbitrators already appointed in relation to any of the arbitration(s) which are to be consolidated under the consolidation order, all parties to those arbitration(s) and the LCIA Registrar. Any appointment of an arbitrator in the other arbitrations before the date of the consolidation order will terminate immediately and the arbitrator will be deemed to be discharged. This termination is without prejudice to the validity of any act done or order made by that arbitrator or by any court in support of that arbitration before that arbitrator's appointment is terminated; his or her entitlement to be paid proper fees and disbursements; and the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision. If this clause operates to exclude a Party's right to choose its own arbitrator, each Party irrevocably and unconditionally waives any right to do so.

- 31.2.8 To the extent permitted by law, each Party waives any objection, on the basis that a Dispute has been resolved in a manner contemplated by Clauses 31.2.6 to 31.2.7, to the validity and/or enforcement of any arbitral award.
- 31.2.9 Each Party agrees that any arbitration under this Clause 31.2 shall be confidential to the Parties and the arbitrators and that each Party shall therefore keep confidential, without limitation, the fact that the arbitration has taken place or is taking place, all non-public documents produced by any other Party for the purposes of the arbitration, all awards in the arbitration and all other non-public information provided to it in relation to the arbitral proceedings, including hearings, save to the extent that disclosure may be requested by a regulatory authority, or required of it by legal duty, to protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a state court or other judicial authority.
- 31.2.10 The law of this arbitration agreement, including its validity and scope, shall be English law.
- 31.2.11 This agreement to arbitrate shall be binding upon the Parties, their successors and permitted assigns.

### 32. PROCESS AGENT

- 32.1 Uber irrevocably appoints Herbert Smith Freehills LLP as its agent under this Agreement for service of process and agrees that the process by which any proceedings are commenced in the English courts in support of, or in connection with, an arbitration commenced pursuant to Clause 31.2 ( *Dispute Resolution* ) may be served on it by being delivered to \*\* at Exchange House, 12 Primrose Street, United Kingdom, EC2A 2EG. If such person is not or ceases to be effectively appointed to accept service of process on behalf of Uber, Uber shall immediately appoint a further person in England to accept service of process on its behalf.
- 32.2 Each of Yandex and the Company irrevocably appoints Law Debenture Corporate Services Limited as their agent under this Agreement for service of process and agrees that the process by which any proceedings are commenced in the English courts in support of, or in connection with, an arbitration commenced pursuant to Clause 31.2 ( *Dispute Resolution* ) may be served on it by being delivered to 5th Floor, 100 Wood Street, London EC2V 7EX, United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on behalf of Yandex or the Company, then Yandex or the Company shall immediately appoint a further person in England to accept service of process on its behalf.
- 32.3 Each of the Shareholders and the Company agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings or render service of those proceedings ineffective.
- 32.4 Nothing in this Clause 32 shall affect the right of any Party to serve process in any other manner permitted by Applicable Law.

**THIS AGREEMENT** has been duly executed by the Parties (or their duly authorised representatives) and delivered as a **DEED** on the date specified at the beginning of this Agreement.

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EXECUTED as a DEED by	)	
NEBEN, LLC, acting in its own capacity and in its	)	By:
capacity as general partner of UBER	)	Name:
INTERNATIONAL C.V., a Dutch-law governed	)	Title:
limited partnership	)	

in the presence of:

Signature of witness .....

Name of witness  
(in BLOCK CAPITALS) .....

Address of witness .....

Occupation of witness .....





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Dated \_\_\_ December 2017

YANDEX N.V.

and

PJSC "SBERBANK OF RUSSIA"

and

YANDEX.MARKET B.V.

## SUBSCRIPTION AGREEMENT

in relation to shares in the capital of Yandex.Market B.V.

### Linklaters

Linklaters CIS  
Paveletskaya sq. 2, bld. 2  
Moscow 115054

Telephone: (+7) 495 797 9797  
Facsimile: (+7) 495 797 9798

Ref. L-263619

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## Subscription Agreement

This Agreement is executed on \_\_\_ December 2017 among:

- (1) **Yandex N.V.**, a public limited liability company incorporated under the laws of the Netherlands (*naamloze vennootschap met beperkte aansprakelijkheid*), having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands, and its office at Schiphol Boulevard 165, 1118BG Schiphol, the Netherlands, registered with the Dutch Trade Register of the Chambers of Commerce under number 27265167 ("YNV");
- (2) **Sberbank of Russia**, a public joint stock company incorporated under the laws of the Russian Federation whose registered office is at 19 Vavilova St., 117997 Moscow, Russia and registered with the Unified State Register of Legal Entities under number 1027700132195 ("Sberbank"); and
- (3) **Yandex.Market B.V.**, a private company with limited liability incorporated under the laws of the Netherlands (*besloten vennootschap met beperkte aansprakelijkheid*), having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands, and its office at Schiphol Boulevard 165, 1118BG Schiphol, the Netherlands, registered with the Dutch Trade Register of the Chambers of Commerce under number 66115582 (the "Company"),

Each a "Party" and together the "Parties".

### Whereas :

- (A) As at the date of this Agreement, YNV owns (directly and indirectly) \*\* (as defined below) representing approx. \*\* of the entire issued share capital of the Company, and Stichting (as defined below) owns \*\* representing approx. \*\* of the entire issued share capital of the Company. Immediately prior to Closing (as defined below), YNV will directly own \*\* and YM Stichting (as defined below) will directly own \*\*, in aggregate representing 100 per cent. of the entire issued share capital of the Company.
- (B) The Company desires to issue to Sberbank the Subscription Shares (as defined below) (representing the same number of Shares as will be owned by YNV immediately prior to Closing) and Sberbank desires to subscribe for and acquire the Subscription Shares on the terms and subject to the conditions set out in this Agreement (the "Investment").
- (C) YNV and Sberbank have agreed that the pre-Investment valuation of the Group is \*\* and that the consideration payable for the Subscription Shares subject to the conditions set out in this Agreement shall be equal to RUB 30,000,000,000.
- (D) YNV and Sberbank wish to develop the Company as more fully set out in the Shareholders' Agreement (as defined below).
- (E) Sberbank, YNV and the Company have further agreed that, prior to Closing, the Company shall issue the Stichting Shares (as defined below) representing \*\* of the entire issued share capital of the Company (on a fully diluted basis immediately following Closing) to YM Stichting (as defined below) in order to incentivise certain employees of the Group in accordance with the terms of the Shareholders' Agreement (as defined below) and the Incentive Programme (as defined below).
- (F) Immediately following completion of the Investment, each of YNV and Sberbank will own an equal number of Shares (each representing \*\* of the entire issued share capital of the Company) and YM Stichting will own the Stichting Shares (representing \*\* of the entire issued share capital of the Company on a fully diluted basis).

It is agreed as follows:

## 1 Interpretation

In this Agreement, unless the context otherwise requires, the provisions in this Clause 1 apply:

### 1.1 Definitions

\*\*\* has the meaning given in Clause 5.8.1;

"Accounts" means the audited consolidated and combined accounts of the Group, comprising a balance sheet, an income statement and a cash flow statement, prepared in accordance with US GAAP as at, and for the year ending on, the Accounts Date as attached in Part A of Schedule 10;

"Accounts Date" means 31 December 2016;

"Affiliate" means, in relation to any person, any other person directly or indirectly Controlling, Controlled by or under common Control with, such person, provided that the Central Bank of the Russian Federation shall not be deemed to be an Affiliate of Sberbank (or the Sberbank Nominee) (and vice versa);

"Agreed Costs" has the meaning given in Clause 13.7;

"Agreed Form" means, in relation to a document, such document in the terms agreed between Sberbank and YNV and initialled for identification by or on behalf of each of Sberbank and YNV;

"Ancillary Agreements" means, collectively, the Key Ancillary Agreements and the Other Ancillary Agreements;

"Anti-Corruption Law" means:

- (i) the Federal Law of the Russian Federation No. 273-FZ of 25 December 2008 "On Counteracting Corruption";
- (ii) Art. 204 (Bribery in a Profit-making Organisation), Art. 290 (Bribe-Taking), Art. 291 (Bribe-Giving) and Art. 291.1 (Mediation in Bribery) of the Criminal Code of the Russian Federation;
- (iii) Art. 19.28 (Unlawful Remuneration on Behalf of a Legal Entity) of the Code of Administrative Offences of the Russian Federation;
- (iv) the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;
- (v) the Foreign Corrupt Practices Act of 1977 of the United States of America, as amended by the Foreign Corrupt Practices Act Amendments of 1988 and 1998;
- (vi) the Bribery Act 2010; and
- (vii) any Applicable Law which:
  - (a) prohibits the conferring of any gift, payment or other benefit on any person or any officer, employee, agent or adviser of such person; and/or
  - (b) is broadly equivalent to (ii) or (vi) above or was intended to enact the provisions of the OECD Convention described in (iv) above or which has as its objective the prevention of corruption;

" **Antimonopoly Consents** " means the unconditional approvals (or conditional, but subject to such conditions which are reasonably satisfactory to the Party seeking the relevant approval) by any Competition Authority in any jurisdiction which are required in connection with the implementation of the Investment on the terms set out in this Agreement and other Transaction Documents;

" **Applicable Law** " means any law, statute, order, decree, decision, licence, permit, consent, approval, agreement or regulation of any Governmental Authority (including, for the avoidance of doubt, any Tax Authority) having jurisdiction over the matter or person in question, or other legislative or administrative action of a Governmental Authority, or a final, binding, or executive decree, injunction, judgment or order of a court that affects, and has the authority to affect, the matter or person in question;

" **Articles of Association** " means the articles of association ( *statuten* ) of the Company from time to time;

" **Auditor** " means AO KPMG or any other member of KPMG International Cooperative;

" **Business** " has the meaning given in the Shareholders' Agreement;

" **Business Day** " means a day which is not a Saturday, a Sunday or a public holiday in Moscow, the Russian Federation or Amsterdam, the Netherlands;

" **Business IPR** " has the meaning given in paragraph 6.1 of Schedule 7;

" **Business IT** " has the meaning given in paragraph 6.1 of Schedule 7;

" **Claim** " means a claim against YNV for breach of or under this Agreement;

" **Closing** " means the completion of the subscription and acquisition by Sberbank (or the Sberbank Nominee, as appropriate) of the Subscription Shares pursuant to this Agreement and the Deed of Issuance;

" **Closing Date** " means the date on which Closing takes place;

" **Company's Bank Account** " means a bank account in Russian Rubles in \*\* with the following details: \*\*;

" **Competition Authority** " has the meaning given in paragraph 11.1 of Schedule 7;

" **Competition Law** " has the meaning given in paragraph 11.1 of Schedule 7;

" **Competitive Proposal** " means, subject to any carve-outs that YNV and Sberbank may agree in writing, any offer or proposal contemplating or otherwise relating to any of the following transactions (other than the Investment):  
\*\*

" **Confidentiality Agreement** " means the confidentiality agreement dated 19 September 2016 between Sberbank and YNV;

" **Consideration** " has the meaning given in Clause 3.1;

" **Control** " (including, with correlative meaning, the terms " **Controlling** " and " **Controlled by** ") means, as applied to any person, the power of another person to:

- (i) exercise, directly or indirectly, more than 50 per cent. of the votes at any general meeting (or equivalent) of such person;
- (ii) appoint or elect the sole executive body or more than 50 per cent. of the members to the board of directors, management board or any other collegial management body of such person; or

(iii) directly or indirectly direct or cause the direction of management and policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of such person, provided that Sberbank shall not be deemed to have Control over any of Sberbank's borrowers or any of their Affiliates by operation of this item (iii);

" **Data Protection Legislation** " has the meaning given in paragraph 6.1 of Schedule 7;

" **Data Sharing Agreements** " means, collectively, the YNV Data Sharing Agreement and the Sberbank Data Sharing Agreement;

" **Deed of Amendment** " means the deed of amendment in relation to the Articles of Association reflecting the terms and provisions of the Shareholders' Agreement, to be agreed between YNV and Sberbank prior to, and which will become effective as from, the Closing Date;

" **Deed of Issuance** " means the notarial deed of issuance in respect of the issuance of the Subscription Shares to Sberbank (or the Sberbank Nominee, as appropriate) substantially in the form attached in Schedule 8 **Error! Reference source not found.** ;

" **Designated Products** " means any counterfeit goods and products, defective products that caused bodily injury or death and any products, the offering or selling of which through the Platform is prohibited under Applicable Law;

" **Digital Assets** " means «Digital assets» Limited, a limited liability company incorporated under the laws of the Russian Federation whose registered office is at 19 Vavilova St., 117997 Moscow, Russia and registered with the Unified State Register of Legal Entities under number 5157746082160;

" **Disclosed** " means:

- (i) in respect of YNV's Warranties given as of the date of this Agreement under Clause 8.1.1, fairly disclosed in or under the Initial Disclosure Letter or in the Disclosure Bundle; and
- (ii) in respect of YNV's Warranties given as at Closing under Clause 8.1.2, fairly disclosed in or under the Initial Disclosure Letter or in the Disclosure Bundle and the Supplementary Disclosure Letter (or in the Disclosure Bundle appended thereto), if any, provided that, in the case of any matter disclosed in or under the Supplementary Disclosure Letter (or in the Disclosure Bundle appended thereto), such matter is a Permitted Supplementary Disclosure,

in each case, with sufficient detail to enable a reasonable investor to assess the nature and the scope of the matter disclosed, and " **Disclosure** " has the corresponding meaning;

" **Disclosure Bundle** " means, in respect of each of the Initial Disclosure Letter and the Supplementary Disclosure Letter, the bundle of documents agreed between Sberbank and YNV, in the case of the Initial Disclosure Letter, prior to the signing of this Agreement or, in the case of the Supplementary Disclosure Letter, no later than five Business Days prior to Closing and provided to Sberbank (or the Sberbank Nominee, as appropriate) (either electronically stored in permanent form on a CD-ROM, DVD-ROM or in hard copy form) as an annex to the Initial Disclosure Letter or the Supplementary Disclosure Letter, as the case may be;

" **Disclosure Letters** " means the Initial Disclosure Letter and the Supplementary Disclosure Letter;

" **Dispute** " has the meaning given in Clause 13.13.1;

" **DR** " means a depositary receipt ( *certificaten van aandelen* ) that may be issued by YM Stichting in respect of the Stichting Shares held by YM Stichting, each representing \*\*;

" **Employees** " means the employees of the Group Companies, and " **Employee** " means any one of them;

" **Encumbrance** " means any claim, charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal, usufruct, attachment ( *beslag* ) or other third party right or security interest of any kind, or an agreement, arrangement or obligation to create any of the foregoing;

" **Environment** " and " **Environmental Law** " have the meanings given to them in paragraph 10.1 of Schedule 7;

" **Existing SHA** " means the Shareholders' Agreement dated 7 October 2016 relating to the Company between YNV, the Company, Stichting and certain holders of depositary receipts;

" **Expert** " means any "big four" accounting firm (Deloitte Touche Tohmatsu, EY, KPMG, PricewaterhouseCoopers, or any successor in title to any of their respective valuation businesses) (other than the auditor of the Group as may change from time to time);

" **FAS** " means the Federal Antimonopoly Service of the Russian Federation;

" **Financial Debt** " means, in respect of any person, all borrowings and other indebtedness by way of overdraft, acceptance credit or similar facilities, loan stocks, bonds, debentures, notes, factoring, debt or inventory financing, finance leases or sale and lease back arrangements or any other arrangements, the purpose of which is to borrow money, together with forex, interest rate or other swaps, hedging obligations, bills of exchange, recourse obligations on factored debts and obligations under other derivative instruments;

" **First Exercise Period** " has the meaning given in Clause 5.8.2(i);

" **General Meeting** " means the general meeting of shareholders ( *algemene vergadering van aandeelhouders* ) of the Company (being, depending on the context, either the physical meeting of shareholders or the corporate body consisting of shareholders);

" **Governmental Authority** " means any national, supranational, federal, regional, state, municipal or local government, or governmental, administrative, fiscal, judicial or government-owned body, department, commission, authority, court, tribunal, agency or entity, or central bank or other competent authority, or any municipal, local governmental entity or authority, or any department, commission, board, bureau, agency, court or instrumentality, subdivision or other municipal or local authority thereof that is exercising any regulatory, customs, taxing or importing, or other local governmental authority acting on behalf of the government in compliance with the rights granted thereto under Applicable Law and binding on the person in question;

" **Group** " means the Group Companies, taken as a whole;

" **Group Companies** " means the Company, Yandex.Market and Yandex.Market Lab, and " **Group Company** " means any one of them;

" **Hazardous Substances** " has the meaning given to it in paragraph 10.1 of Schedule 7;

" **Incentive Programme** " means the equity incentive programme for the employees of the Group (the term sheet of which is set out in Schedule 18);

" **Indemnity Claim** " means a Claim against YNV for breach of or under Clause 9;

" **Information Technology** " has the meaning given in paragraph 6.1 of Schedule 7;

" **Initial Disclosure Letter** " means the letter from YNV to Sberbank (or the Sberbank Nominee, as appropriate) dated on the same date as this Agreement and counter-signed by Sberbank (or the Sberbank Nominee, as appropriate);

" **Intellectual Property Rights** " means trade marks, service marks, rights in trade names, business names, logos or get-up, patents, supplementary protection certificates, rights in inventions, plant variety rights, registered and unregistered design rights, copyrights, semiconductor topography rights, database rights, rights in domain names, and all other similar rights in any part of the world (including in Know-how), including, where such rights are obtained or enhanced by registration, any registration of such rights and applications and rights to apply for such registrations;

" **Investment** " has the meaning given to it in Recital (B);

" **Key Ancillary Agreements** " means each of the following agreements (the term sheets setting key terms of each such agreement are set out in Schedule 17):

- (i) Technology Agreement;
- (ii) Brand Licence Agreement between Yandex.Market and Yandex LLC;
- (iii) Sberbank Promotion Agreement; and
- (iv) Data Sharing Agreements;

" **Know-how** " means industrial and commercial information and techniques, in each case in any form not in the public domain, and including drawings, formulae, test results, reports, project reports and testing procedures, instruction and training manuals, tables of operating conditions, market forecasts, lists and particulars of customers and suppliers;

" **LCIA** " has the meaning given in Clause 13.13.1;

" **Leakage** " means:

- (i) any dividend or distribution declared, paid or made, or agreed to be paid or made, by any Group Company to YNV or any member of the YNV Group (other than a Group Company);
- (ii) any payments made or agreed to be made or any assets transferred or agreed to be transferred by or on behalf of any Group Company to YNV or any member of the YNV Group (other than a Group Company) or any person connected with any member of the YNV Group;
- (iii) any liabilities assumed, indemnified or incurred, or agreed to be assumed, indemnified or incurred (including under any guarantee, indemnity or other security), by or on behalf of any Group Company to or for the benefit of YNV or any member of the YNV Group (other than a Group Company) or any person connected with any member of the YNV Group;
- (iv) the waiver or agreement to waive by or on behalf of any Group Company of any claim, debt or liability owed to that Group Company by YNV or any member of the YNV Group (other than a Group Company) or any person connected with any member of the YNV Group);
- (v) \*\*
- (vi) \*\*
- (vii) \*\*

(viii) any costs (other than purely internal costs) incurred or agreed to be incurred by any Group Company in connection with the preparation, negotiation and entry into any Transaction Document and the issuance of the Subscription Shares, other than the Agreed Costs; and

(ix) \*\*

but does not include any Permitted Leakage;

" **Locked Box Accounts** " means the draft management accounts of the Group comprising the draft consolidated balance sheet, the draft consolidated income statement and the draft cash flow statement relating to the Group, prepared in accordance with US GAAP, as at, and for the period of six months ended on, the Locked Box Date, as attached in Part B of Schedule 10;

" **Locked Box Date** " means 30 June 2017;

" **Long Stop Time** " has the meaning given in Clause 4.3.4;

" **Loss** " means any loss, liability, cost (including reasonable and properly documented legal costs and attorneys', experts' and consultants' fees but excluding any internal costs and expenses), charge, expense, action, proceeding, claim and demand (and any Tax in respect of any of the foregoing), but excluding any indirect or consequential loss, or punitive or exemplary damages (whether direct or indirect);

" **Lost Purchased Relief** " means:

- (i) the setting off against any profits or any Taxation of, or the reduction of any profits or any Taxation by, all or part of any Relief to the extent that it has been shown as an asset or taken into account in reducing a provision for deferred tax in the Locked Box Accounts, in either case where a valid claim could have been made against YNV under this Agreement in respect of such profits or Taxation in which case the amount of the Lost Purchased Relief shall be deemed to be the amount of Tax that would have been payable in the absence of such set off or reduction; or
- (ii) the cancellation, loss or non-availability of all or part of a Relief to the extent that it has been shown as an asset or reduced a liability in the Locked Box Accounts, and the amount of the Lost Purchased Relief shall be deemed to be the amount of Tax payable as a result of that Relief being so cancelled, lost, or which is unavailable, or the amount of that Relief (when it is a right to a repayment of Tax) that could otherwise have been obtained;

" **MA Comparable Line Items** " means the following line items:

- (i) revenue;
- (ii) income from operations;
- (iii) net income;
- (iv) accounts payable and accrued liability;
- (v) short-term debt; and
- (vi) long-term debt;

" **Management Accounts** " means the unaudited management accounts of the Group comprising the unaudited consolidated balance sheet, the unaudited consolidated income statement and the unaudited cash flow statement relating to the Group, prepared in accordance with US GAAP, as



at, and for the period of six months ended on, 30 June 2017, and supplemented by a statement by KPMG confirming their review of such unaudited management accounts of the Group;

" **Management Accounts Assumptions** " means each of the following:

- (i) none of the MA Comparable Line Items in the Management Accounts deviates adversely from the corresponding MA Comparable Line Item in the Locked Box Accounts by ten per cent. (10%) or more;
- (ii) the scope of the Auditor's work in relation to reviewing the Management Accounts and the basis on which the Management Accounts were prepared are as set out in Schedule 14;
- (iii) the statement of the Auditor with respect to the Management Accounts contains (a) an unqualified and unmodified Review Confirmation Statement; (b) no qualifications in relation to material or fundamental limitation of scope; (c) no matters of emphasis, save for any Permitted Matters of Emphasis; and (d) no disclaimer of the review statement; and
- (iv) no material contingent liabilities are described in the notes to the Management Accounts;

" **Material Adverse Effect** " means any material adverse change in, or effect on, the business, assets, liabilities or condition (financial or otherwise) and/or results of operations of any Group Company, including any of the following:

- (i) the web-access infrastructure of the Platform on the server-side being available for less than \*\* of time slots during any \*\* due to an action or inaction of any Group Company. For the purposes of this paragraph (i):
  - (a) web-access infrastructure of the Platform on the server-side is considered to be "available" in case of a success rate of \*\* or more in relation to actions of access to user interface, search and redirection modules during a time slot; and
  - (b) a "time slot" is \*\*;
- (ii) reduction in the Group's monthly revenues and/or consolidated gross merchandise value of \*\* or more since the date of this Agreement (determined by comparing such consolidated gross merchandise value and/or revenues in respect of any calendar month ending after the date of this Agreement with such consolidated revenues in the equivalent calendar month of the immediately preceding year);
- (iii) the departure or resignation from any Group Company of any five or more of the Senior Employees (save for CEO and CFO of Yandex.Market), save where each such departed Senior Employee has been replaced by a substitute reasonably acceptable to Sberbank (or the Sberbank Nominee, as applicable);
- (iv) the departure or resignation of CEO of Yandex.Market or CFO of Yandex.Market, save where each such departed person has been replaced by a substitute approved by Sberbank (or the Sberbank Nominee, as applicable), provided that Sberbank (or the Sberbank Nominee, as applicable) shall act in good faith while rejecting any proposed substitute;
- (v) any decision of any Governmental Authority that has the effect of making the Investment unlawful or otherwise prohibits the completion of the Investment on the terms and conditions envisaged by the Transaction Documents; and
- (vi) any decision of any Governmental Authority that would prohibit or materially restrict the further operations of any Group Company after Closing,

save, in each case (but other than in relation to items (iv), (v) and (vi)), to the extent the same arises directly from any matter (a) Disclosed in or under the Initial Disclosure Letter, (b) affecting or likely to affect generally all companies carrying on similar businesses in countries in which the Group carries on business (save to the extent any such matter that disproportionately affects the Group), (c) related to general economic conditions in countries in which the Group carries on business, including interest rates or the state of the securities or capital markets, (d) arising as a consequence of earthquakes, acts of war, armed hostilities or terrorism or any material escalation thereof; (e) arising as a result of changes in applicable accounting principles; or (f) arising as a result of the transactions contemplated by the Transaction Documents and the announcement and completion of such transactions;

" **Material Contract** " means any agreement or arrangement under which any Group Company may incur any expenditure of \*\* or more per annum;

" **Material IT Contract** " means a contract pursuant to which any Group Company uses Business IT;

" **Material Licence** " has the meaning given in paragraph 6.1 of Schedule 7;

" **Material Warranties** " means the YNV's Warranties set out in paragraphs 2.1.1, 2.1.2, 2.3, 2.4.1 and 2.4.2 ( *Accounts* ), 4.1 and 4.3 ( *Related Party Arrangements* ), 6.2.1, 6.2.2(ii), 6.2.2(iii), 6.2.6, 6.2.7, 6.2.10, 6.3.1 and 6.4.1 ( *Intellectual Property Rights and Information Technology* ) of Schedule 7, and a " **Material Warranty** " means any one of them;

" **Merchant** " means any legal entity or sole entrepreneur to which any Russian Company provides access to the Platform for the purposes of offering and/or selling physical and digital goods and services to customers;

" **New Charters** " means the new charter of each of Yandex.Market and Yandex.Market Lab, reflecting the terms and provisions of the Shareholders' Agreement (to the extent applicable to such Group Companies), to be agreed between YNV and Sberbank prior to the Closing Date;

" **Notary** " means any civil law notary of Van Doorne N.V. or such civil law notary's deputy or successor;

" **Option Agreements** " means \*\* and such other option agreements (in the form reasonably acceptable to YNV and Sberbank) as may be entered into by the Company and employees of the Group, and an " **Option Agreement** " means any of them;

" **Ordinary Course of Business** " means the ordinary course of the normal business of a Group Company, but (without limitation) a Tax Effect or Relief does not arise in the Ordinary Course of Business if:

- (i) it arises as a result of a Group Company being treated for Taxation purposes as the branch, agency or permanent establishment of a person other than another Group Company;
- (ii) it arises in relation to a Transaction, a main purpose of which is the avoidance of tax;
- (iii) it arises in relation to a Transaction by reason of the fact that, if the Parties to the Transaction had been dealing at arm's length, the Transaction either would not have been entered into or would have been entered into on different terms;
- (iv) it is Taxation which a Group Company has failed duly to deduct, charge, recover or account for;

- (v) it arises in relation to a Transaction with any party which are recognised by the Tax Authority as a bad faith counterparty; or
- (vi) it is penalties or interest arising as a result of the late or incorrect performance of any administrative, filing, payment or assessment obligations which relate to Taxation required by law or regulation;

" **Other Ancillary Agreements** " means each of the following agreements:

- (i) Server Equipment Lease Agreement between Yandex.Market Lab and Yandex LLC and Server Equipment Sublease Agreement between Yandex.Market and Yandex Cloud Technologies LLC;
- (ii) Office Premises Sublease Agreement No. 10124071 between Yandex.Market and Yandex LLC and Office Premises Sublease Agreement No. 10124057 between Yandex.Market Lab and Yandex LLC;
- (iii) Back-Office Agreement No. YaM-2405-16 between Yandex.Market and Yandex LLC and Back-Office Agreement No. YaML-1003-16 between Yandex.Market Lab and Yandex LLC;
- (iv) Sberbank Financial Services Agreement; and
- (v) Distribution Agreement No. 10106393 between Yandex.Market and Yandex LLC;

" **Owned IPR** " means all Intellectual Property Rights owned by any Group Company;

" **Owned Registered IPR** " means any Owned IPR that is registered or the subject of applications for registration;

" **Permitted Leakage** " means any matter set out in Schedule 6;

" **Permitted Matters of Emphasis** " means any one or more of the following matters of emphasis:

- (i) that financial statements are combined carve-out financial statements;
- (ii) that the Group is or may be dependent on the YNV Group;
- (iii) in relation to general Russian market operational environment; and
- (iv) any other matters that are reasonably satisfactory to Sberbank; for the avoidance of doubt, any matter of emphasis in relation to (x) "going concern uncertainty" with respect to operations of the Group, (y) "tax standing" of the Group, or (z) accounting disagreement between management and the Auditor, shall not be deemed to be reasonably satisfactory to Sberbank unless expressly waived by Sberbank;

" **Permitted Supplementary Disclosure** " has the meaning given in Clause 8.4.1;

" **Platform** " means an online search and information tool for physical goods and services with a possibility to order physical goods and services in certain online shops operated by the Group through <https://market.yandex.ru/>, <https://market.yandex.by> and <https://market.yandex.kz>; " **Private Placement** " has the meaning given in the Shareholders' Agreement;

" **Properties** " means the properties set out in Schedule 2, and " **Property** " means any one of them;

" **Related Party Agreements** " means the agreements set out in Schedule 4, and a " **Related Party Agreement** " means any one of them;

" **Relevant Change of Law** " means any decision of any court or tribunal after Closing that changes the law or practice generally understood to apply to the matter giving rise to the Tax Effect or that reverses an earlier decision of any court or tribunal in that jurisdiction in relation to which no Group Company was a party or any change (including any retrospective change), after Closing, in the law (including subordinate legislation) or in the generally published interpretation or practice of any Tax Authority or in financial reporting or accounting standards or practice coming into force after Closing;

" **Relevant Percentage** " means \*\*;

" **Relief** " includes any right to repayment of Taxation from a Tax Authority and any relief, loss, allowance, set-off or credit in respect of Taxation and any deduction in computing or against profits for Taxation purposes;

" **Reorganisation** " means the reorganisation by way of spin-off ( *выделение* ) of Yandex.Market from Yandex LLC completed on 24 May 2016;

" **Representative** " means, with respect to any person, any officer, manager, director, employee, agent, attorney, accountant or advisor of such person;

" **Review Confirmation Statement** " means the following (or substantially the same) statement made by the Auditor with respect to the Management Accounts: "Based on our review(s), we are not aware of any material modifications that should be made to the Management Accounts for them to be in accordance with US GAAP";

" **Rospatent** " means the Federal Service of the Intellectual Property of the Russian Federation;

" **Rules** " has the meaning given in Clause 13.13.1;

" **Russian Companies** " means Yandex.Market and Yandex.Market Lab, and a " **Russian Company** " means any one of them;

" **Sanctions Authority** " means: (i) the US Government; (ii) the United Nations; (iii) the European Union; (iv) the Netherlands; and (v) the respective Governmental Authorities of any of the foregoing, including the Office of Foreign Assets Control of the US Department of the Treasury, the US Department of Commerce and the US Department of State;

" **Sanctions** " means:

- (i) any economic, financial or trade sanctions laws, regulations, embargoes or other restrictive measures administered, enacted or enforced by any Sanctions Authority, as interpreted by such Sanctions Authority from time to time; or
- (ii) any other law, enabling legislation, executive order or regulation in relation to paragraph (i) of this definition;

" **Sberbank Data Sharing Agreement** " means the Data Sharing Agreement between Sberbank (and/or its Affiliates) and the Yandex.Market to be entered into on or around the date of Closing;

" **Sberbank Financial Services Agreement** " means the Financial Services Agreement between Sberbank (and/or its Affiliates) and Yandex.Market (and/or its Affiliates) to be entered into on or around the date of Closing;

" **Sberbank Nominee** " has the meaning given in Clause 2.1.4;

" **Sberbank Promotion Agreement** " means the Sberbank Promotion Agreement between Sberbank (and/or its Affiliates) and Yandex.Market (and/or its Affiliates) to be entered into on or around the date of Closing;

" **Sberbank's Guarantee** " means the Deed of Guarantee and Undertaking to be executed by YNV, Sberbank and the Company in respect of the Sberbank Promotion Agreement and the Sberbank Data Sharing Agreement in the form set out in Schedule 16;

" **Sberbank's Group** " means Sberbank and any companies directly or indirectly Controlled by Sberbank from time to time;

" **Sberbank's Relief** " means the Relevant Percentage of:

- (i) any Relief to the extent that it has been shown as an asset or taken into account in reducing a provision for deferred tax in the Locked Box Accounts;
- (ii) any Relief to the extent that it arises in the Ordinary Course of Business between the Locked Box Date and Closing; or
- (iii) any Relief to the extent that it arises to a Group Company in respect of a period beginning after Closing; or in respect of a Transaction (including for the avoidance of doubt any Relevant Change of Law) occurring or deemed to have occurred after Closing;

" **Senior Employees** " means the persons listed in Schedule 12 and a " **Senior Employee** " means any one of them;

" **Shares** " means any shares of any class in the issued share capital of the Company from time to time;

" **Shareholders' Agreement** " means the shareholders' agreement in relation to the Company to be entered into between the Company, YNV, Sberbank (or the Sberbank Nominee, as appropriate) and YM Stichting at Closing, in the form attached in Schedule 13;

" **Stichting** " means Stichting Yandex Equity Incentive, a foundation formed under the laws of the Netherlands whose registered office is at Schiphol (the Netherlands) and its business office is at Schiphol Boulevard 165, 118 BG Schiphol (the Netherlands), and which is registered with the trade register of the Chamber of Commerce under number 57035504;

" **Stichting Shares** " means \*\* to be issued prior to Closing to, and held by, YM Stichting in accordance with this Agreement and the Incentive Programme;

" **Subscription Shares** " has the meaning given in Clause 2.1.1(i);

" **Supplementary Disclosure Letter** " has the meaning given in Clause 8.4.1;

" **Surviving Clauses** " means Clauses 1, 10, 11, 12 and 13.2 to 13.15, and " **Surviving Clause** " means any one of them;

" **Taxation** " or " **Tax** " means all forms of taxation (other than deferred tax) and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, in each case in the nature of tax, whether levied by reference to income, profits, gains, net wealth, asset values, turnover, added value or otherwise, and shall further include payments to a Tax Authority on account of Tax, whenever and wherever imposed and whether chargeable directly or primarily against, or attributable directly or primarily to, a Group Company or any other person and all penalties and interest relating thereto;

" **Tax Authority** " means any Governmental Authority competent to impose any liability in respect of Taxation or responsible for the administration and/or collection of Taxation or enforcement of any law in relation to Taxation, in any jurisdiction;

" **Tax Claim** " means a Claim against YNV for breach of paragraph 14 of Schedule 7 or under the Tax Indemnity;

" **Tax Effect** " means:

- (i) actual Taxation payable or suffered by the relevant Group Company; and
- (ii) a Lost Purchased Relief;

" **Tax Indemnity** " means the indemnity relating to Tax set out in Schedule 9;

" **Technology Agreement** " means the agreement between Yandex LLC (as service provider) and Yandex.Market (as principal) in respect of provision of certain technology and promotion services and grant of certain software licences, to be entered into on or around the date of Closing;

" **Termination Ancillary Agreements** " means agreements particulars of which are set out in Part B of Schedule 4;

" **Terms of Administration** " means the terms of administration adopted by YM Stichting;

" **Title or Capacity Warranties** " means the warranties set out in paragraphs 1.1, 16 and 17 of Schedule 7, and " **Title or Capacity Warranty** " means any one of them;

" **Transaction** " includes any transaction, circumstance, state of affairs, act, event, arrangement, provision or omission of whatever nature;

" **Transaction Documents** " means this Agreement, the Disclosure Letters, the Shareholders' Agreement, the Deed of Issuance, each Ancillary Agreement, the YNV's Guarantee, the Sberbank's Guarantee and all documents entered into pursuant to any of these documents, and a " **Transaction Document** " means any one of them;

" **Transfer Domain Names** " means the following domain names: pricelabs.ru, pricelab.ru, price-labs.ru, price-lab.ru, podberi.ru, metabar.ru, notaclaim.ru, nota-claim.ru and yandex-sovetnik.com;

" **Transfer Software** " means "Crowdsourcing system of Internet analytics" software (Part of Advisor Software («Советники»)), further details of which are set out in section 6.2.3 of Appendix 1 to the Initial Disclosure Letter;

" **Used IPR** " has the meaning given in paragraph 6.1 of Schedule 7;

" **US GAAP** " means accounting principles generally accepted in the United States of America;

" **VAT** " means, within the European Union, such Taxation as may be levied in accordance with (but subject to derogations from) Council Directive 2006/112/EC and, outside the European Union any similar Taxation levied by reference to added value or sales;

" **Yandex Europe B.V.** " means Yandex Europe B.V., a private company incorporated under the laws of the Netherlands, registered with the Dutch Trade Register of the Chambers of Commerce under number 51515539, having its registered address at: Schiphol Boulevard 165, 1118BG Schiphol, the Netherlands;

" **Yandex.Market** " means limited liability company Yandex.Market, particulars of which are set out in paragraph 2 in Schedule 1;

" **Yandex.Market Lab** " means limited liability company Yandex.Market Lab, particulars of which are set out in paragraph 3 in Schedule 1;

" **Yandex LLC** " means limited liability company Yandex whose registered office is at 16 Lva Tolstogo Street, Moscow, Russia and registered with the Unified State Register of Legal Entities under number 1027700229193;

" **YM Stichting** " means Stichting Yandex.Market Equity Incentive, a foundation to be formed under the laws of the Netherlands solely for the purpose of holding the Stichting Shares and issuing DRs pursuant to the Incentive Programme;

" **YM Stichting Articles** " means the deed of incorporation, including the articles of association, of YM Stichting;

" **YNV Data Sharing Agreement** " means the Data Sharing Agreement between Yandex LLC and Yandex.Market to be entered into on or around the date of Closing;

" **YNV Group** " means YNV and any companies directly or indirectly Controlled by YNV from time to time;

" **YNV's Guarantee** " means the Deed of Guarantee and Undertaking to be executed by YNV, Sberbank and the Company in respect of each of the YNV Ancillary Agreements (as defined in the Shareholders' Agreement), in the form set out in Schedule 15;

" **YNV's Warranties** " means the warranties given by YNV pursuant to Clause 8 and Schedule 7 and a " **YNV's Warranty** " means any one of them; and

" **YNV Warranty Claim** " means a Claim against YNV for a breach of any YNV's Warranty (other than any Title or Capacity Warranty, any Material Warranty or any YNV's Warranty set out in paragraph 14 of Schedule 7).

## 1.2 Modification etc. of statutes

References to a statute or statutory provision include:

1.2.1 that statute or provision as from time to time modified, re-enacted or consolidated, whether before or after the date of this Agreement;

1.2.2 any past statute or statutory provision (as from time to time modified, re-enacted or consolidated) which that statute or statutory provision has directly or indirectly replaced; and

1.2.3 any subordinate legislation made from time to time under that statute or statutory provision which is in force at the date of this Agreement,

except to the extent that any statute, statutory provision or subordinate legislation made or enacted after the date of this Agreement would create or increase a liability of YNV under this Agreement.

## 1.3 Singular, plural, gender

References to one gender include all genders and references to the singular include the plural and vice versa.

## 1.4 References to subsidiaries and holding companies

The words " **holding company** " and " **subsidiary** " shall have the same meaning in this Agreement as their respective definitions in the Companies Act 2006.

## 1.5 References to persons

References to a person include a reference to any individual, firm, company, corporation or other body corporate, government, state or agency of a state or any joint venture, association, partnership, organisation, foundation, trust, works council or employee representative body (in

each case, whether or not having separate legal personality) or unincorporated association (whether or not having separate legal personality).

**1.6 Schedules etc.**

References to this Agreement shall include any Recitals and Schedules to it and references to Clauses and Schedules are to Clauses of, and Schedules to, this Agreement. References to paragraphs and Parts are to paragraphs and Parts of the Schedules.

**1.7 Headings**

Headings shall be ignored in interpreting this Agreement.

**1.8 Reference to documents**

References to any document (including this Agreement), or to a provision in a document, shall be construed as a reference to such document or provision as amended, supplemented, modified, restated or novated from time to time.

**1.9 Information**

References to books and records mean books and records in any form, including paper, electronically stored data, magnetic media, film and microfilm.

**1.10 Legal Terms**

References to any English legal term shall, in respect of any jurisdiction other than England, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction.

**1.11 Non-limiting effect of words**

The rule known as the *eiusdem generis* rule, and similar rules of interpretation, shall not apply, and, accordingly, the words "other" and "otherwise" shall not be given a restrictive meaning (where a wide interpretation is possible); and the words "including", "include", "in particular" and words of similar effect are to be construed as being by way of illustration or emphasis only, and are not to be construed as, nor shall they take effect as, limiting the general effect of the words that precede them.

**1.12 Currency Conversion**

Any amount to be converted from one currency into another currency for the purposes of this Agreement shall be converted into an equivalent amount at the Conversion Rate prevailing for the Relevant Date. For the purposes of this Clause 1.12:

"Conversion Rate" means the official established exchange rate established by the Central Bank of the Russian Federation for the Relevant Date or, if no such rate is established for that date, for the immediately preceding date for which such rate is established; and

"Relevant Date" means, save as otherwise provided in this Agreement, the date on which a payment or an assessment is to be made, save that, for the following purposes, the date shall mean:

- (i) for the purposes of Clause 5, the date of the relevant transaction;
- (ii) for the purposes of Clause 10 and Schedule 7, the date at which the relevant YNV's Warranty is expressed to be true and accurate; and



(iii) for the purposes of Clause 3.2, the Closing Date.

#### 1.13 Interpretation

The Parties acknowledge and agree that this Agreement has been jointly drafted by the Parties, and, accordingly, the *contra proferentem* rule (or any similar rule of interpretation) shall not be applied against any Party.

#### 1.14 Connected persons

A person shall be deemed to be connected with another if that person is connected with such other within the meaning of Section 1122 of CTA 2010.

### 2 Subscription

2.1.1 In consideration of the mutual obligations and undertakings set out herein and in other Transaction Documents and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows on the terms and subject to the conditions of this Agreement:

- (i) YNV undertakes to cause the Company to increase its issued share capital on the Closing Date by means of the issuance to Sberbank (or the Sberbank Nominee, as appropriate) of a total number of \*\* (the "**Subscription Shares**"), and Sberbank hereby undertakes to fully subscribe for, purchase and accept (or procure that Sberbank Nominee fully subscribes for, purchases and accepts) all of the Subscription Shares on the Closing Date; and
- (ii) in consideration of the issuance by the Company of the Subscription Shares to Sberbank (or the Sberbank Nominee, as the case may be), Sberbank (or the Sberbank Nominee, as the case may be) shall pay to the Company the Consideration as set out in Clause 3.

2.1.2 On the Closing Date, the Subscription Shares shall be issued by the Company to Sberbank (or the Sberbank Nominee, as the case may be) free from all Encumbrances and together with all rights attached thereto, including the right to participate in all dividends, distributions or any return of capital declared, made or paid with effect from the Closing Date by the Company with respect to such Subscription Shares.

2.1.3 YNV hereby irrevocably waives, and, to the extent required, agrees to irrevocably waive, any pre-emptive right to subscribe for the Subscription Shares that it would otherwise have under the Articles of Association, Applicable Law or otherwise in respect of the issuance of any Subscription Shares.

2.1.4 Sberbank may, not less than \*\* before the Closing Date, nominate Digital Assets (or another Affiliate of Sberbank reasonably acceptable to YNV) by notice in writing to YNV to make the Investment (the "**Sberbank Nominee**"), in which event:

- (i) the payment by such Sberbank Nominee of any amount payable by Sberbank under or pursuant to this Agreement shall give good discharge of the Sberbank's obligation to pay such amount; and
- (ii) Sberbank shall procure that the Sberbank Nominee shall perform the relevant obligations of Sberbank at Closing pursuant to Clause 6.2 (and such performance shall give good discharge of such obligations).

### 3 Consideration

#### 3.1 Amount

The consideration for the Subscription Shares under this Agreement shall be, subject to adjustment in accordance with Clause 3.2, an amount in cash equal to RUB30,000,000,000 (the " **Consideration** ").

#### 3.2 Adjustment for Leakage

If any Leakage between the Locked Box Date and Closing is notified pursuant to Clause 6.5 or Clause 7.3 or comes to the attention of Sberbank (or the Sberbank Nominee, as applicable) on or prior to Closing, subject to YNV agreeing that Leakage has occurred and agreeing the amount of the particular Leakage, the Consideration shall be reduced by an amount of such Leakage such that the payment of the reduced Consideration shall be an absolute discharge of Sberbank's obligation (or Sberbank Nominee's obligation, as appropriate) to pay the Consideration to the Company on Closing pursuant to Clause 6.3.

#### 3.3 Payment of Consideration

The Consideration, as adjusted pursuant to Clause 3.2, shall be paid in accordance with Clause 6.3.

#### 3.4 Reduction of Consideration

If any payment is made by YNV to any of the Company or Sberbank (or the Sberbank Nominee, as appropriate) in respect of any Claim for Leakage or for any breach of this Agreement or pursuant to an indemnity or covenant to pay under this Agreement, the payment shall, to the extent permitted by Applicable Law, be made by way of a reduction to the Consideration.

### 4 Conditions

#### 4.1 Conditions Precedent

The subscription for the Subscription Shares is conditional upon satisfaction or waiver (where applicable) of the following conditions, or their satisfaction subject only to Closing:

- 4.1.1 Sberbank having obtained an unconditional approval of the Central Bank of the Russian Federation in relation to the Investment in accordance with the Regulation of the Central Bank of the Russian Federation No. 290-P dated 4 July 2006;
- 4.1.2 [intentionally omitted]
- 4.1.3 the Management Accounts having been delivered to Sberbank (or the Sberbank Nominee, as applicable) and each of the Management Accounts Assumptions having been satisfied;
- 4.1.4 YNV having acquired \*\* held by Yandex Europe B.V. and \*\* held by Stichting, in each case, at a nominal value and without any outstanding liability to the Group Companies, and all Shares having been converted into Class A Shares;
- 4.1.5 YNV having cured all relevant breaches of this Agreement in accordance with Clause 5.3.2;
- 4.1.6 FAS having issued a decision that the restrictions specified in clauses 28 and 29 of the Shareholders' Agreement comply with the Russian antimonopoly legislation;

- 4.1.7 no new Sanctions being introduced after the date of this Agreement and remaining in effect against Sberbank and, subject to nomination of the Sberbank Nominee under Clause 2.1.4, the relevant Sberbank Nominee which prohibit YNV or the Company from consummating the Investment (for the avoidance of doubt, the Parties acknowledge that any Sanctions against Sberbank (and Digital Assets) existing as of the date of this Agreement would not prohibit YNV and the Company from consummating the Investment);
- 4.1.8 the Existing SHA having been terminated by the relevant parties thereto without any further costs or liabilities for any Group Company;
- 4.1.9 the Ancillary Agreements being in the Agreed Form;
- 4.1.10 the Incentive Programme, the Terms of Administration and the YM Stichting Articles being in the Agreed Form;
- 4.1.11 Stichting Shares having been issued to YM Stichting in accordance with the Incentive Programme and other applicable documents and the CEO and/or CFO having acquired DRs for cash and on terms agreed by YNV and Sberbank;
- 4.1.12 all Antimonopoly Consents having been obtained by Sberbank and/or the other Parties (in each case, to the extent applicable);
- 4.1.13 the five-year strategic business plan for the Group in relation to the period from Closing \*\* being in the Agreed Form (such business plan to replace in its entirety the initial business plan attached as Schedule 5 to the Shareholders' Agreement); and
- 4.1.14 the format of the monthly unaudited consolidated management accounts of the Group (prepared in accordance with IFRS) referred to in clause 6.2.1(vi) of the Shareholders' Agreement being in the Agreed Form.

#### 4.2 Responsibility for Satisfaction

- 4.2.1 Each of YNV and the Company shall use all reasonable endeavours to ensure the satisfaction of the conditions set out in Clause 4.1.3, and each of YNV and the Company shall procure the satisfaction of the conditions set out in Clauses 4.1.4 to 4.1.5 (inclusive), 4.1.8 and, following satisfaction of the condition set out in Clause 4.1.10, Clause 4.1.11, in each case as soon as reasonably possible after the date of this Agreement. Sberbank shall use all reasonable endeavours to ensure the satisfaction of the condition set out in Clause 4.1.1 as soon as reasonably possible after the date of this Agreement.
- 4.2.2 Each of YNV and Sberbank (or the Sberbank Nominee, as applicable) shall use all reasonable endeavours to ensure the satisfaction of the conditions set out in Clauses 4.1.6, 4.1.9, 4.1.10, 4.1.12 to 4.1.14 (inclusive) as soon as reasonably possible after the date of this Agreement.
- 4.2.3 Without prejudice to Clause 4.2.1 and 4.2.2, YNV and Sberbank agree that all requests and enquiries from the other Party or any Governmental Authority which relate to the satisfaction of the conditions set out in Clauses 4.1.1, 4.1.6 and 4.1.12 shall be dealt with by YNV and Sberbank in consultation with each other, and YNV and Sberbank (or the Sberbank Nominee, as applicable) shall, and YNV shall procure that the Company shall, promptly co-operate with, and provide all necessary information and assistance reasonably required by, the other Party or such Governmental Authority upon being requested to do so by the other.

4.2.4 The Party responsible for satisfaction of each condition pursuant to Clause 4.2 shall give notice to the other Parties of the satisfaction of the relevant conditions within two (2) Business Days of becoming aware of the same.

#### 4.3 Non-Satisfaction/Waiver

4.3.1 Sberbank (or the Sberbank Nominee, as applicable) may at any time waive, in whole or in part and conditionally or unconditionally, the conditions set out in Clauses 4.1.3 to 4.1.5 (inclusive), 4.1.8, 4.1.9 (solely in respect of (x) the YNV Ancillary Agreements (as defined in the Shareholders' Agreement) and/or (y) the Sberbank Financial Services Agreement), 4.1.11 and 4.1.14 by notice in writing to YNV.

4.3.2 YNV may at any time waive, in whole or in part and conditionally or unconditionally, the condition set out in Clause 4.1.7 or 4.1.9 (solely in respect of the Sberbank Ancillary Agreements (as defined in the Shareholders' Agreement) other than the Sberbank Financial Services Agreement) by notice in writing to Sberbank (or the Sberbank Nominee, as applicable).

4.3.3 YNV and Sberbank (or the Sberbank Nominee, as applicable) may at any time jointly waive any of the conditions set out in Clauses 4.1.1, 4.1.6, 4.1.10, 4.1.12, and 4.1.13.

4.3.4 If any of the conditions in Clause 4.1 is not satisfied or waived by 5pm (CET) on 15 April 2018 (the "Long Stop Time"), Sberbank (or the Sberbank Nominee, as applicable) or YNV may, in its sole discretion, terminate this Agreement by written notice to the other Parties, and no Party shall have any claim against any other Parties under it, save for any claim arising from breach of any obligation contained in Clause 4.2, provided that, if, and only if, at the Long Stop Time, all of the conditions in Clause 4.1 (other than the condition(s) in Clause 4.1.1 or 4.1.12) and those conditions that, by their nature, are to be satisfied at the Closing Date) shall have been satisfied or waived by the relevant Parties, then:

- (i) the Long Stop Time shall automatically be extended one time (but no more than one time) by a period of thirty (30) calendar days (and all references to the Long Stop Time herein shall be as so extended); and
- (ii) the right to terminate this Agreement pursuant to this Clause 4.3.4 shall not be available to any Party during that period.

#### 5 Pre-Closing

##### 5.1 YNV's and Company's Obligations in Relation to the Conduct of Business

5.1.1 YNV undertakes to procure that between the date of this Agreement and Closing, other than as expressly permitted by this Agreement or required by Applicable Law, each Group Company shall carry on its business as a going concern in the ordinary and usual course as carried on prior to the date of this Agreement and in compliance with the Applicable Law in all material respects, save in so far as agreed in writing by Sberbank (or the Sberbank Nominee, as applicable) (subject to Clauses 5.1.3 to 5.1.5, such consent not to be unreasonably withheld, conditioned or delayed).

5.1.2 Without prejudice to the generality of Clause 5.1.1, YNV undertakes to procure that, between the date of this Agreement and Closing, each Group Company shall not, except (a) as expressly permitted by this Agreement or required by Applicable Law, (b) with the prior written consent of Sberbank (or the Sberbank Nominee, as applicable) (subject to Clauses 5.1.3 to 5.1.5, such consent not to be unreasonably withheld, conditioned or

delayed) or (c) as and only to the extent specifically and expressly set forth in Schedule 3:

- (i) enter into , or exercise an option in relation to , any agreement or incur any commitment involving any capital expenditure in excess of \*\*;
- (ii) enter into, or exercise an option in relation to, or amend any agreement or incur any commitment which is not in the ordinary and usual course of business;
- (iii) acquire, or agree to acquire, any material asset or enter into or amend any agreement or incur any commitment to do so, involving consideration, expenditure or liabilities in excess of \*\*;
- (iv) dispose of, or agree to dispose of, any asset having book or market value (whichever is higher) of \*\*;
- (v) acquire, or agree to acquire, any shares, participatory interest or other interest in any company, partnership or other legal entity;
- (vi) incur any Financial Debt;
- (vii) create, allot or issue any share capital or loan capital, or any other securities convertible into or exchangeable for any similar equity interests in any Group Company or any option to subscribe for the same, except for in connection with an Option Agreement;
- (viii) take any action or omission which would have the effect of decreasing or increasing the charter capital of any Russian Company, or grant any option or any other right to a third party to subscribe for or otherwise acquire any participatory interest in the charter capital of any Russian Company;
- (ix) declare, make or pay any dividend or other distribution to shareholders or participants;
- (x) make any loan to any person (other than another Group Company), save for (a) the granting of any trade credit in the ordinary and usual course of business, and (b) providing any loans to any Employee in the ordinary and usual course of business and consistent with the past practice, provided that such loans shall not exceed \*\*;
- (xi) amend the Articles of Association and/or the charters of the Russian Companies;
- (xii) institute or settle any legal proceedings having a value or likely value in excess of \*\*;
- (xiii) amend, to any material extent and in a manner adverse to any Group Company, any of the terms on which services are supplied to third parties;
- (xiv) amend, terminate, assign, transfer or grant a waiver under any Related Party Agreements other than as set out in Part C of Schedule 4;
- (xv) enter into any agreement or arrangement with any member of the YNV Group or any directors or officers of any member of the YNV Group other than any such agreement or arrangement (or a series of agreements or arrangements) which (a) is in the ordinary and usual course of business, (b) is on arm's length terms, and (c) involves total consideration, expenditure or liabilities of no more than \*\*; provided that the total value of all such agreements and arrangements shall in no event exceed \*\* in aggregate;

- (xvi) save as required by Applicable Law:
- (a) make any material amendment to the terms and conditions of employment (including remuneration, pension entitlements and other benefits) of (x) any Senior Employee; or (y) any Employee in circumstances which are likely to increase in aggregate the total staff costs, including social security and other staff-related charges, of the Group by more than \*\*, other than pursuant to the terms of an Option Agreement;
  - (b) provide, or agree to provide, (x) any gratuitous payment or benefit to any Senior Employee or any of his or her dependants other than pursuant to the terms of an Option Agreement, and (y) any gratuitous payment or benefit in excess of \*\* to any Employee or any of his or her dependants;
  - (c) terminate the employment of any Senior Employee or induce any Senior Employee to resign their employment with the relevant Group Company;
  - (d) engage, appoint or assign (whether by internal transfer or otherwise) any individual who, following such engagement, appointment or assignment, would be fulfilling the role, or covering the position, of a Senior Employee; or
  - (e) grant, or agree to grant, any equity-linked awards and options under any share incentive, share option, profit sharing or other similar share or equity, based incentive arrangements, including the Incentive Programme, to any Employee, other than so granting, or agreeing to grant, under the terms of an Option Agreement;
- (xvii) grant, modify or terminate any rights to, or enter into any agreement relating to Intellectual Property Rights owned or used by, any Group Company, other than granting, modifying or terminating:
- (a) any non-exclusive licence in respect of any software in the ordinary and usual course of business; or
  - (b) any "shrink wrapped", "click wrapped" or other third party software commercially available off the shelf, or
- do or omit to do anything to jeopardise the validity or enforceability of any Intellectual Property Rights of any Group Company, including the non-payment of any application, search, maintenance or other official fees;
- (xviii) amend or terminate any Material Contract, save for any non-material amendments;
- (xix) (a) enter into any guarantee, indemnity or other agreement, in each case, to secure any obligation of a third party or (b) create any Encumbrance over any of its assets, save for in connection with any trade credit in favour of a Group Company in the ordinary and usual course of business;
- (xx) make any change to its accounting practices or policies;
- (xxi) change its business (including any change in the model of interaction or relations with the Merchants or customers), enter into a material new line of business or commence any operations in a jurisdiction in which the Group does not conduct operations as at the date of this Agreement, in each case save for any changes set out in Schedule 3;
- (xxii)

- (a) make any material change to any of its methods, policies, principles or practices of Tax accounting or methods of reporting or claiming income, losses or deductions for Tax purposes;
- (b) enter into any material agreement with any Tax Authority, or terminate or rescind any material agreement with a Tax Authority that is in effect on the date of this Agreement;
- (c) make or amend any material claim, election or option relating to Taxation; or
- (d) amend any Tax return in any material respect,

in each case to the extent that any of the foregoing could reasonably be expected to increase Tax liabilities of, or reduce the availability of Sberbank's Reliefs to, the Group Company (in aggregate) following Closing; or

(xxiii) change its residence for tax purposes or establish a permanent establishment in a jurisdiction in which it did not previously have such an establishment.

- 5.1.3 Any request of YNV for consent under this Clause 5.1 shall include reasonably sufficient information regarding the reasons, details and potential implications of the action(s) to be taken as available and known to YNV at the time to enable Sberbank (or the Sberbank Nominee, as applicable) to make an informed decision.
- 5.1.4 Sberbank designates \*\* and \*\* as persons with whom YNV \*\* and \*\* as persons any of whom is entitled to request a consent for the purposes of this Clause 5.1. Each Party may replace any of its designated persons with another person at any time and from time to time by notice in writing to the other relevant Party. Any communication between such persons shall be valid if such communication is made in writing at the contact details set out above (as may be amended by the relevant Party's notice). For the purposes of this Clause 5.1, communication via e-mail shall satisfy the requirement for such notice to be in writing.
- 5.1.5 If, within \*\* following the date on which Sberbank received YNV's request in accordance with this Clause 5.1, YNV has not received a response from Sberbank refusing to grant its consent on any matter set out in Clauses 5.1.2(i) to 5.1.2(iv), 5.1.2(vi), 5.1.2(x), 5.1.2(xiv), 5.1.2(xv), 5.1.2(xvii) to 5.1.2(xix), such consent of Sberbank shall be deemed to have been granted. If, within seven (7) Business Days following the date on which Sberbank received YNV's request in accordance with this Clause 5.1, YNV has not received a response from Sberbank granting its consent on any matter set out in Clauses 5.1.2(v), 5.1.2(vii) to 5.1.2(ix), 5.1.2(xi) to 5.1.2(xiii), 5.1.2(xvi), and 5.1.2(xx) to 5.1.2(xxii), such consent of Sberbank shall be deemed to have been declined.

## 5.2 Other YNV Obligations Prior to Closing

Without prejudice to the generality of Clause 5.1.1 and subject to Applicable Law, prior to Closing, YNV shall, and shall procure that the Group Companies shall:

- 5.2.1 allow Sberbank (or the Sberbank Nominee, as applicable) and its agents, at all reasonable times during normal business hours and upon reasonable advance notice, access to the personnel of each Group Company, books, records and documents of or relating to the Group (and, to the extent reasonably required, to take copies of such

books, records and documents, subject to obligation to return or destroy such copies if Closing does not occur);

- 5.2.2 as soon as reasonably practicable, respond to any reasonable request for documents or other information in relation to the Group by Sberbank (or the Sberbank Nominee, as applicable);
- 5.2.3 as soon as reasonably practicable and to the extent permitted by Applicable Law, deliver to Sberbank (or the Sberbank Nominee, as applicable) copies of all correspondence between a Group Company and any Governmental Authority or such Group Company's auditors; and
- 5.2.4 as soon as reasonably practicable, notify Sberbank (or the Sberbank Nominee, as applicable) of a Group Company's receipt of any notice of resignation or termination of employment given by any Senior Employee.

### 5.3 Termination – Material Breach, Material Supplementary Disclosure

5.3.1 Without prejudice to Sberbank's right (or the Sberbank Nominee's right, as appropriate) to claim damages or other compensation, if, at any time prior to Closing:

- (i) YNV is in material breach of any provisions of Clause 5.1 or 5.2;
- (ii) Sberbank (or the Sberbank Nominee, as applicable) becomes aware of any matter, event or circumstance which (a) represents a material breach of any YNV's Warranty given by YNV as of the date of this Agreement under Clause 8.1.1 and/or (b) would (if unremedied at Closing) represent a material breach of any YNV's Warranty given by YNV at Closing under Clause 8.1.2; and/or
- (iii) any matter, event or circumstance Disclosed in the Supplementary Disclosure Letter, if it had not been Disclosed, would (if unremedied at Closing) represent a material breach of any YNV's Warranty given by YNV at Closing under Clause 8.1.2.

and, in any of such cases, the breach, matter, event or circumstance, if capable of remedy, is not remedied by or on behalf of YNV:

- (a) within \*\* of notice from Sberbank (or the Sberbank Nominee, as applicable) to YNV identifying such breach, matter, event or circumstance and requiring its remedy; or
- (b) if earlier, on or before the date first scheduled for Closing in accordance with Clause 6.1 (whether or not Sberbank (or the Sberbank Nominee, as applicable) has notified YNV under Clause 5.3.1(a)), then Sberbank (or the Sberbank Nominee, as appropriate) shall be entitled, at any time prior to Closing, to terminate this Agreement (other than the Surviving Clauses) by notice to YNV and the Company.

5.3.2 Without prejudice to Sberbank's right (or the Sberbank Nominee's right, as appropriate) to claim damages or other compensation, if, at any time prior to Closing:

- (i) YNV is in breach (other than a material breach) of any provisions of Clause 5.1 or 5.2;
- (ii) Sberbank (or the Sberbank Nominee, as applicable) becomes aware of any matter, event or circumstance which (a) represents a breach (other than a material breach) of any YNV's Warranty given by YNV as of the date of this



Agreement under Clause 8.1.1 and/or (b) would (if unremedied at Closing) represent a breach (other than a material breach) of any YNV's Warranty given by YNV at Closing under Clause 8.1.2; and/or

- (iii) any matter, event or circumstance Disclosed in the Supplementary Disclosure Letter, if it had not been Disclosed, would (if unremedied at Closing) represent a breach (other than a material breach) of any YNV's Warranty given by YNV at Closing under Clause 8.1.2.

YNV shall take all reasonable steps to cure the relevant breach (at YNV's cost) as soon as reasonably practicable, and Sberbank (or the Sberbank Nominee, as applicable) shall not be entitled to terminate this Agreement due to such breach (other than pursuant to Clause 4.3.4) or required to proceed to Closing unless and until such breach has been cured by YNV to the reasonable satisfaction of Sberbank (or the Sberbank Nominee, as applicable).

5.3.3 For the purposes of Clauses 5.3.1 and 5.3.2, "material breach" means:

- (i) in respect of Clauses 5.3.1(i) and 5.3.2(i), (a) any breach of Clause 5.1.2(vii), 5.1.2(ix), 5.1.2(xiv) or 5.1.2(xv) or (b) a breach (or series of breaches arising from substantially identical facts or circumstances) of any restriction(s) in Clauses 5.1 and 5.2 for which the liability of YNV, if Sberbank (or the Sberbank Nominee, as appropriate) were to bring a Claim(s) (assuming for these purposes that Sberbank (or the Sberbank Nominee, as applicable) did not have any right of termination under this Agreement and Closing was effected notwithstanding the breach(es)), could reasonably be expected to exceed \*\*; and
- (ii) in respect of Clauses 5.3.1(ii), 5.3.1(iii), 5.3.2(ii) and 5.3.2(iii), a breach (or series of breaches arising from substantially identical facts or circumstances) of any YNV's Warranty for which the liability of YNV, if Sberbank (or the Sberbank Nominee, as appropriate) were to bring a Claim(s) for a breach of any such YNV's Warranty (assuming for these purposes that Sberbank (or the Sberbank Nominee, as applicable) did not have any right of termination under this Agreement and Closing was effected notwithstanding the breach(es)), could reasonably be expected to exceed \*\*.

#### 5.4 Termination – Material Adverse Effect

Without prejudice to Clause 5.3, if, prior to Closing, any event, change or circumstance shall occur or arise which has, or would reasonably be expected to have, a Material Adverse Effect, Sberbank (or the Sberbank Nominee, as appropriate) shall be entitled, prior to Closing, by notice in writing to YNV and the Company, to terminate this Agreement (other than the Surviving Clauses).

#### 5.5 Termination by YNV

Without prejudice to YNV's right to claim damages or other compensation, if, at any time prior to Closing, new Sanctions are introduced and remain in effect against Sberbank or the Sberbank Nominee which prohibit YNV or the Company from consummating the Investment, YNV shall be entitled, prior to Closing, by notice in writing to Sberbank (or the Sberbank Nominee as appropriate), to terminate this Agreement (other than the Surviving Clauses). For the avoidance of doubt, the Parties acknowledge that any Sanctions against Sberbank (or Digital Assets) existing and publicly disclosed and in force as of the date of this Agreement would not prohibit YNV and the Company from consummating the Investment.

**5.6 Non-solicitation undertakings**

**5.6.1** For the period from the date of this Agreement until the earlier of Closing and termination of this Agreement in accordance with its terms:

- (i) each of YNV and Sberbank shall not (and shall procure that none of its respective Representatives or Affiliates shall) directly or indirectly:
  - (a) solicit, seek, initiate, encourage or facilitate the making of any inquiry, expression of interest, proposal or offer that constitutes, or could reasonably be expected to lead to, a Competitive Proposal;
  - (b) disclose or furnish to any person any non-public information relating to such Party or its Affiliates in connection with or in response to, or enter into, participate in, maintain or continue any discussions or negotiations regarding, any inquiry, expression of interest, proposal or offer that constitutes, or could reasonably be expected to lead to, a Competitive Proposal; or
  - (c) agree to accept, recommend or endorse (or publicly propose or announce any intention or desire to agree to, accept, recommend or endorse), or execute, enter into or become bound by any agreement, letter of intent, memorandum of understanding or other instrument, arrangement or understanding (whether binding or non-binding, written or oral) in connection with, any Competitive Proposal;
- (ii) in the event that any of YNV and Sberbank (or any of its respective Representatives or Affiliates) receives a Competitive Proposal, any notice that any person is considering making a Competitive Proposal, or any request for disclosure as referenced in Clause 5.6.1(i)(b), such Party shall:
  - (a) until the earlier of the Closing and termination of this Agreement in accordance with its terms, not engage in, and immediately suspend, any discussions with such offeror or party with regard to such Competitive Proposal or requests;
  - (b) promptly thereafter (and in any event not later than \*\* after receipt of such Competitive Proposal or request), notify the other Parties of such Competitive Proposal or request, which notice shall contain the identity of the person(s) making (including, if applicable, the ultimate beneficial owner(s) and controlling shareholder(s) of such person), or considering making, such Competitive Proposal or request, the pricing, terms, conditions and other material provisions of such Competitive Proposal or request, any material modifications thereto and such other information related thereto as any other Party may reasonably request; and
  - (c) provide the other Parties with \*\* prior notice (or such lesser prior notice as is provided to the members of the board of such Party) of any meeting of the board of such Party, at which the board of such Party is reasonably expected to consider such Competitive Proposal or request.

**5.6.2** Immediately after the date of this Agreement, each of YNV and Sberbank shall (and shall procure that its Representatives and Affiliates shall) immediately cease and cause to be terminated (and will not resume or otherwise continue until the earlier of the Closing and termination of this Agreement in accordance with its terms) any and all existing discussions and negotiations with any persons (other than with the other Parties or any

of their respective Affiliates) conducted prior to the date of this Agreement with respect to, or that could reasonably be expected to lead to, any Competitive Proposal.

5.6.3 YNV and Sberbank agree that irreparable damage will occur in the event that the provisions of this Clause 5.6 are not performed in accordance with their specific terms or are otherwise breached. It is accordingly agreed by each of Sberbank and YNV that the other Party shall be entitled to an immediate injunction or injunctions or other applicable equitable remedies, without the necessity of proving the inadequacy of money damages as a remedy and without the necessity of posting any bond or other security, to prevent breaches of the provisions of this Clause 5.6 and to enforce specifically the terms and provisions hereof in any court having jurisdiction, this being in addition to any other remedy to which the other Party may be entitled at law or in equity. Without limiting the foregoing, it is understood that any breach of the restrictions set forth above by (i) YNV or any its Representative or Affiliate shall be deemed to be a material breach of this Agreement by YNV or (ii) Sberbank or any its Representative or Affiliate of Sberbank shall be deemed to be a material breach of this Agreement by Sberbank.

#### 5.7 Other Pre-Closing Undertakings

5.7.1 YNV shall procure that, prior to Closing:

- (i) Yandex LLC and Yandex.Market enter into an agreement (on terms reasonably satisfactory to Sberbank (or the Sberbank Nominee, as applicable)) in respect of assignment from Yandex LLC to Yandex.Market for nominal consideration of all exclusive rights to (i) Russian industrial designs Nos. 101121 and 101883 and (ii) Russian trade mark "PRICE LABS" (No. 567226), and such agreement is filed for registration with Rospatent;
- (ii) Yandex LLC transfers all rights in respect of the Transfer Domain Names to Yandex.Market for nominal consideration (on terms reasonably satisfactory to Sberbank (or the Sberbank Nominee, as applicable)); and
- (iii) Yandex LLC files with Rospatent all documents necessary for registration of the transfer to Yandex.Market of all ownership rights in respect of the Transfer Software.

5.7.2 Prior to Closing, Sberbank shall:

- (i) request from each member of its board of directors information in relation to any interest (direct or indirect) of each such person in any business which competes with the Core Business (as defined in the Shareholders' Agreement) as carried on by any Group Company as at the date of this Agreement; and
- (ii) provide to YNV all such information received from the persons referred to in Clause 5.7.2(i),

provided that, Sberbank shall not be required to verify any such information, nor shall it be liable for any inaccuracy or incompleteness thereof.

#### 5.8 Option Agreements

5.8.1 The Parties agree that, at or prior to Closing, the Company shall enter into an option agreement with \*\* (each, a \*\*), which shall be on terms reasonably acceptable to Sberbank (or the Sberbank nominee) and pursuant to which \*\*.

5.8.2 The options under the \*\* shall (A) be fully vested on grant; (B) to the extent not previously exercised, lapse on the earlier of (i) the date which is \*\* and (ii) the date which is \*\*; and (C) be exercisable, and have an exercise price per DR determined, as follows:

- (i) during the period from Closing until the date which is \*\* following Closing (the " **First Exercise Period** "), be exercisable at any time during the First Exercise Period at a price per DR calculated on the basis of \*\* (which exercise price shall be payable in full upon exercise of the relevant option); and
- (ii) (to the extent not exercised during the First Exercise Period) \*\*, be exercisable at any time during such period at a price per DR calculated on the basis of \*\* (which exercise price shall be payable in full upon exercise of the relevant option).

## 6 Closing

### 6.1 Date and Place

Subject to Clause 4, Closing shall take place at 10 am (CET) at Notary's offices in Amsterdam, the Netherlands, on \*\* following notification of the fulfilment or waiver of all the conditions set out in Clause 4.1, or at such other location, time or date as may be agreed between Sberbank (or the Sberbank Nominee, as applicable) and YNV.

### 6.2 Closing Events

On the Closing Date, each of the Company, YNV and Sberbank (or the Sberbank Nominee, as appropriate) shall comply with their respective obligations specified in Schedule 5.

### 6.3 Payment on Closing

On Closing:

6.3.1 Sberbank shall (or shall procure that the Sberbank Nominee shall) pay the Consideration by wire transfer in immediately available funds to the Company's Bank Account and provide to each of YNV, the Company and the Notary a copy of the SWIFT confirmation (or such other equivalent instrument agreed by YNV) from Sberbank or the bank of the Sberbank Nominee evidencing the payment of the full amount of the Consideration (as may be adjusted in accordance with this Agreement) to the Company's Bank Account.

6.3.2 Immediately following delivery of the copy of the SWIFT confirmation referred to in Clause 6.3.1, each of YNV and the Company shall instruct the Notary to execute the Deed of Issuance.

### 6.4 Release by the Company

On Closing, the Company shall:

6.4.1 upon receipt by the Company of a copy of the SWIFT confirmation from Sberbank or the bank of the Sberbank Nominee evidencing the payment of the full amount of the Consideration as contemplated by Clause 6.3.1, issue the fully-paid Subscription Shares to Sberbank (or the Sberbank Nominee, as appropriate) in accordance with the Deed of Issuance; and

6.4.2 upon receipt by the Company of the Consideration, give to Sberbank (or the Sberbank Nominee, as appropriate) full, general, irrevocable and irreversible release in relation to the obligation to pay the Consideration.

**6.5 Notifications to determine payments on Closing**

\*\* prior to Closing, YNV shall notify Sberbank (or the Sberbank Nominee, as applicable) in writing of the amount of any known Leakage and Permitted Leakage (in each case, from the Locked Box Date to the date of such notification).

**6.6 Breach of Closing Obligations**

If a Party fails to comply with any material obligation in Clauses 6.2 to 6.5 (inclusive) and Schedule 5, Sberbank (or the Sberbank Nominee, as applicable), in the case of non-compliance by YNV or the Company, or either YNV or the Company, in the case of non-compliance by Sberbank (or the Sberbank Nominee, as applicable), shall be entitled (without prejudice to the right to claim damages or other compensation), by written notice to the other Parties served on the date on which Closing was due to take place:

- 6.6.1 to terminate this Agreement (other than the Surviving Clauses) without liability on its part; or
- 6.6.2 to effect Closing so far as practicable, having regard to the defaults which have occurred; or
- 6.6.3 to fix a new date for Closing (being not more than \*\* after the agreed date for Closing), in which case the provisions of Schedule 5 shall apply to Closing as so deferred.

**7 Leakage**

**7.1 Warranty and Undertaking**

YNV:

- 7.1.1 warrants to Sberbank (or the Sberbank Nominee, as appropriate) that there has been no Leakage between the Locked Box Date and the date of this Agreement; and
- 7.1.2 undertakes to procure that there will be no Leakage between the date of this Agreement and the Closing Date,

provided that YNV shall not have any liability to Sberbank (or the Sberbank Nominee, as appropriate) under Clause 7.1 or 7.2 if Closing does not occur.

**7.2 Post-Closing Adjustment for Leakage**

Subject to Closing having occurred, in the event of any Leakage between the Locked Box Date and the Closing Date which has not been deducted from the Consideration under Clause 3.2:

- 7.2.1 YNV shall indemnify and hold harmless Sberbank (or the Sberbank Nominee, as appropriate) and the Company against any Leakage (whether occurring before or after the date of this Agreement) occurring before Closing, and hereby covenants to pay to the Company an amount in cash equal to the entirety of the amount of such Leakage.
- 7.2.2 Any amount payable to the Company in respect of the entire amount of any Leakage agreed between YNV and Sberbank (or the Sberbank Nominee, as appropriate) or determined pursuant to Clause 7.2.5 or 7.2.6 shall be settled by payment in cash from YNV to the Company within \*\* following such amount being agreed or determined in accordance with this Agreement.
- 7.2.3 Clauses 10 and 11 shall not apply to this Clause 7, save for Clauses 10.4.1, 10.6, 10.8, and 10.11 (inclusive) which shall apply to this Clause 7.

7.2.4 The aggregate liability of YNV under Clause 7.2.1 shall not exceed the amount of the Leakage.

7.2.5 If YNV and Sberbank (or the Sberbank Nominee, as appropriate) agree that any matter, transaction or circumstances has resulted in Leakage, but do not agree the amount of such Leakage, either YNV or Sberbank (or the Sberbank Nominee, as appropriate) may, by written notice to the other Party, require the disputed matters to be referred to an Expert for determination as follows:

- (i) YNV and Sberbank (or the Sberbank Nominee, as applicable) shall use all reasonable endeavours to reach agreement regarding the identity of the person to be appointed as the Expert and to agree the terms of his appointment with the Expert. Neither Party shall unreasonably withhold its agreement to the terms of appointment proposed by the Expert or the other Party;
- (ii) if such Parties fail to agree on an Expert and the terms of his appointment within ten (10) Business Days of either Party serving details of a proposed Expert on the other, either Party shall be entitled to request the President for the time being of the Institute of Chartered Accountants in England and Wales to appoint the Expert;
- (iii) the Expert shall act as an expert and not as an arbitrator;
- (iv) the Expert shall make its determination as soon as is reasonably practicable;
- (v) each of the Parties shall respectively provide, or procure the provision to the Expert of, all such information as the Expert shall reasonably require in a timely manner;
- (vi) the Expert shall be required to make his determination in writing and to provide a copy to each of YNV and Sberbank (or the Sberbank Nominee, as applicable) as soon as reasonably practicable;
- (vii) the decision of the Expert shall, in the absence of fraud or manifest error, be final and binding on the Parties; and
- (viii) the costs of the Expert shall be borne by the Party whose estimate of the Leakage diverges from the amount of the Leakage determined by the Expert by a greater amount than that of the other Party.

7.2.6 If YNV and Sberbank (or the Sberbank Nominee, as appropriate) are not able to agree whether or not any matter constitutes Leakage, such matter may be referred for determination pursuant to Clause 13.13 in the same way as any other Dispute hereunder.

### 7.3 Notification of Leakage

Without prejudice to Clause 6.5, YNV shall notify Sberbank (and the Sberbank Nominee, as applicable) as soon as practicable upon becoming aware that any Leakage has occurred or is likely to occur between the Locked Box Date and Closing.

### 7.4 Notice of Claim

YNV shall not be liable for any Claim under Clause 7.2 unless a notice of the Leakage is given by Sberbank (or the Sberbank Nominee, as appropriate) to YNV within twelve (12) months following Closing. Such notice shall specify in reasonable detail the legal and factual basis of the

Claim and evidence on which Sberbank (or the Sberbank Nominee, as appropriate) relies, and shall set out its estimate of the amount of Leakage which is the subject of the Claim.

## **8 Warranties**

### **8.1 YNV's Warranties**

- 8.1.1 Subject to Clauses 8.2 and 10, YNV warrants to Sberbank or any Sberbank Nominee (as applicable) that the statements set out in Schedule 7 are true and accurate as of the date of this Agreement (unless the relevant statements are expressly given as of a different date and save for the statements set out in paragraph 2.4).
- 8.1.2 Subject to Clauses 8.2 and 10, YNV warrants to Sberbank or any Sberbank Nominee (as applicable) that the statements set out in Schedule 7 will be true and accurate at Closing (save for the statements set out in paragraphs 1.1.1, 1.1.3, 1.1.5, 1.1.13(i), and 2.3) as if they had been repeated at Closing and on the basis that any express or implied reference in any such statement to the date of this Agreement shall be considered a reference to the Closing Date.
- 8.1.3 Subject to the provisions of Clause 13.2.3, YNV acknowledges and agrees that Sberbank has entered into this Agreement in reliance upon the YNV's Warranties.
- 8.1.4 Each of YNV's Warranties shall be separate and independent and shall not be limited by reference to any other paragraph of Schedule 7 or by anything in this Agreement.
- 8.1.5 \*\*
- 8.1.6 Any YNV's Warranty qualified by the expression "so far as YNV is aware" or any similar expression shall, unless otherwise stated, be deemed to refer to:
- (i) the actual knowledge of \*\*; and/or
  - (ii) the knowledge of any of the following persons: \*\* each of whom shall be deemed to have knowledge of such matters as they would have discovered, had they made due and reasonable enquiries.

### **8.2 YNV's Disclosures**

YNV shall not be liable in respect of any Claim under a YNV's Warranty to the extent that the facts and circumstances giving rise to such Claim are Disclosed.

### **8.3 Notification**

- 8.3.1 If, after the signing of this Agreement:
- (i) YNV becomes aware that any of YNV's Warranties was untrue or inaccurate as of the signing of this Agreement; or
  - (ii) any event occurs or matter arises of which YNV becomes aware which would cause any YNV's Warranty (if YNV's Warranties were repeated with reference to the facts and circumstances then existing) to become untrue or inaccurate at Closing,
- YNV shall notify Sberbank (or the Sberbank Nominee, as applicable) in writing as soon as practicable and in any event prior to Closing setting out full details of the relevant matter.

8.3.2 Any notification pursuant to Clause 8.3.1 shall not operate as a Disclosure or a Permitted Supplementary Disclosure pursuant to Clause 8.2 and YNV's Warranties shall not be subject to such notification.

**8.4 Supplementary Disclosure**

8.4.1 YNV may deliver to Sberbank (or the Sberbank Nominee, as applicable), at any time between the date of this Agreement and the day falling not less than five Business Days prior to the Closing Date, one further disclosure letter together with the Disclosure Bundle (the "**Supplementary Disclosure Letter**"), substantially in the same form as the Initial Disclosure Letter, disclosing any facts, matters or circumstances that would otherwise render any of YNV's Warranties untrue or inaccurate as at the Closing Date which facts, matters or circumstances (the "**Permitted Supplementary Disclosure**");

- (i) have occurred only after the date of this Agreement; and
- (ii) could not reasonably have been avoided or prevented by YNV, any Group Company or by their respective directors, officers or employees.

8.4.2 Sberbank's right (or any Sberbank Nominee's right) to claim for breach of any YNV's Warranty shall not be prejudiced by:

- (i) any fact, matter or circumstance contained or referred to in the Supplementary Disclosure Letter to the extent that such fact, matter or circumstance does not constitute a Permitted Supplementary Disclosure; and/or
- (ii) any fact, matter or circumstance contained or referred to in any purported disclosure letter submitted after the applicable deadline provided for in Clause 8.4.1.

**8.5 YNV's Waiver of Rights against the Group**

Save in the case of fraud, YNV undertakes to Sberbank (or the Sberbank Nominee, as appropriate) and to the Group Companies and their respective directors, officers and employees to waive any rights, remedies or claims which it may have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by the Group Companies or their respective directors, officers or employees in connection with assisting YNV in the giving of any YNV's Warranty or the preparation of the Initial Disclosure Letter and the Supplementary Disclosure Letter.

**8.6 No Liability for Projections or Forecasts**

Neither YNV nor any of its Representatives or Affiliates, nor any other person acting on their behalf, makes any express or implied, statutory or otherwise, representation, warranty or undertaking with respect to any projections, estimates or budgets provided to Sberbank or its Representatives or Affiliates (howsoever and whensoever provided) of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of YNV and any of its Affiliates (including the Group Companies) or the future business and operations of YNV and its Affiliates (including the Group Companies).

**8.7 Effect of Closing**

YNV's Warranties, warranties of Sberbank set out in Schedule 11 and all other provisions of this Agreement, to the extent that they have not been performed by Closing, shall not be extinguished or affected by Closing or by any other event or matter (including any satisfaction and/or waiver



of any condition contained in Clause 4.1), except by a specific and duly authorised written waiver or release by the relevant Party.

#### **8.8 Sberbank's Warranties**

Sberbank warrants to each of YNV and the Company that the statements set out in Schedule 11 are true and accurate as of the date of this Agreement and will be true and accurate at Closing as if they had been repeated at Closing and on the basis that any express or implied reference in any such statement to the date of this Agreement shall be considered a reference to the Closing Date.

#### **9 Indemnities**

##### **9.1 Indemnities**

YNV undertakes to pay Sberbank or any Sberbank Nominee (as applicable) an amount equal to \*\* of any Losses suffered by any Group Company arising from or in connection with: \*\*

##### **9.2 No Liability Without Closing 9.2.1**

YNV shall have no liability for any Indemnity Claims if the Closing has not occurred (for whatever reason).

#### **10 Limitation of Liability**

##### **10.1 Time Limitation for Claims**

YNV shall not be liable for any Claim unless Sberbank or the Sberbank Nominee has:

10.1.1 given written notice to YNV of such potential Claim specifying the matters set out in Clause 11.1, by no later than the date specified below:

- (i) in respect of any Claim under any Title or Capacity Warranty, \*\* following the Closing Date;
- (ii) in respect of any Tax Claim, the last date of the period which is \*\* after the Closing Date provided that if upon expiry of such period a tax audit of any Group Company in respect of a period prior to Closing has been notified or is ongoing then such time period shall be extended until the date which is ninety (90) days following the date on which the final binding decision (which has entered into legal force) is issued by the relevant Tax Authority in relation to a tax audit of any Group Company for a period prior to Closing.
- (iii) in respect of any Indemnity Claim or any Claim under any Material Warranty, \*\* following the Closing Date;
- (iv) in respect of any other Claim, \*\* following the Closing Date; and

10.1.2 unless otherwise agreed in writing by YNV or unless the relevant Claim has previously been settled between YNV and Sberbank or the Sberbank Nominee (as the case may be), commenced and served proceedings in respect of such Claim within six (6) months of the date of notification of such Claim in accordance with Clause 10.1.1. Where a Claim is made in respect of a matter where the loss to Sberbank or the Sberbank Nominee (as the case may be) or to a Group Company is uncertain, or such Claim is unascertainable or otherwise contingent on another event, such legal action need not

be brought until six (6) months after the first of the loss becoming ascertained or ascertainable or ceasing to be contingent.

**10.2 Minimum Claims**

- 10.2.1 YNV shall not be liable for any individual YNV Warranty Claim (or a series of such YNV Warranty Claims arising from substantially identical facts or circumstances) where the liability for any such YNV Warranty Claim or series of such YNV Warranty Claims does not exceed \*\*.
- 10.2.2 Where the liability agreed or determined in respect of any such Claim referred to in Clause 10.2.1 or series of such Claims exceeds \*\*, YNV shall, subject to Clause 10.3, be liable for the amount of such Claim or series of such Claims and not just the excess.
- 10.2.3 YNV shall not be liable for any individual Claim under any YNV's Warranty set out in paragraph 14 of Schedule 7 (or a series of such Claims arising from substantially identical facts or circumstances) where the liability for any such Claim or series of such Claims does not exceed \*\*.
- 10.2.4 Where the liability agreed or determined in respect of any such Claim referred to in Clause 10.2.3 or series of such Claims exceeds \*\*, YNV shall, subject to Clause 10.3, be liable for the amount of such Claim or series of such Claims and not just the excess.
- 10.2.5 YNV shall not be liable for any individual Claim under any Material Warranty or a series of such Claims arising from substantially identical facts or circumstances, where the liability for any such Claim or series of such Claims does not exceed \*\*.
- 10.2.6 Where the liability agreed or determined in respect of any such Claim under any Material Warranty (or a series of such Claims arising from substantially identical facts or circumstances) exceeds \*\*, YNV shall be liable for the amount of such Claim or series of Claims and not just the excess.

**10.3 Aggregate Minimum Claims**

- 10.3.1 YNV shall not be liable for any YNV Warranty Claim or any Claim under any Material Warranty unless the aggregate amount of all such Claims for which YNV would otherwise be liable exceeds \*\*.
- 10.3.2 Where the liability agreed or determined in respect of all Claims referred to in Clause 10.3.1 exceeds \*\*, YNV shall be liable for the aggregate amount of all Claims and not just the excess.
- 10.3.3 YNV shall not be liable for any Claim under any YNV's Warranty set out in paragraph 14 of Schedule 7 unless the aggregate amount of all such Claims for which YNV would otherwise be liable exceeds \*\*.
- 10.3.4 Where the liability agreed or determined in respect of all Claims referred to in Clause 10.3.3 exceeds \*\*, YNV shall be liable for the aggregate amount of all Claims and not just the excess.

**10.4 Maximum Liability**

The aggregate liability of YNV for:

- 10.4.1 all Claims under Title or Capacity Warranties, Material Warranties, all Indemnity Claims, all Claims under Clause 7, all Claims under Clause 11.2.1(iv) and all Tax Claims shall not exceed \*\*; and

10.4.2 all other Claims shall not exceed \*\*.

**10.5 Matters Arising Subsequent to This Agreement**

YNV shall not be liable for any Claim (other than any Claim under the Tax Indemnity) to the extent that the Claim has arisen as a result of:

**10.5.1 Agreed Matters**

any matter or thing done or omitted to be done pursuant to and in compliance with this Agreement or other Transaction Documents or otherwise at the request in writing or with the approval in writing of Sberbank;

**10.5.2 Acts of Sberbank**

any act, omission, transaction or arrangement of Sberbank or any member of Sberbank's Group both before and after Closing done, committed or effected:

- (i) in circumstances where it was or should have been reasonably foreseeable to Sberbank that such act, omission, transaction, or arrangement might give rise to, or increase the extent of, the Claim; and
- (ii) otherwise than in order to comply with Applicable Law or pursuant to a legally binding commitment to which the Group or any member of Sberbank's Group is subject on or before Closing;

**10.5.3 Changes in Legislation, Regulation or Practice**

the passing or coming into force of, or any change in, any law, rule or regulation, or in its interpretation or administration, by any government, governmental department, agency or regulatory body (whether or not having the force of law) after Closing (whether or not that change has retrospective effect), including any increase in the rate of Taxation or any imposition of new Taxation;

**10.5.4 Accounting Policies**

any change in accounting or Tax policy, bases or practice or length of any accounting period of Sberbank or Sberbank's Group or a Group Company introduced or having effect after the date of this Agreement.

**10.6 No Double Recovery and no Double Counting**

No Party may recover for breach of or under this Agreement or otherwise more than once in respect of the same Loss (including in relation to Leakage) suffered or amount for which the Party is otherwise entitled to claim (or part of such Loss or amount), and no amount (or part of any amount) shall be taken into account, set off or credited more than once for breach of or under this Agreement or otherwise, with the intent that there will be no double counting for breach of or under this Agreement or otherwise.

**10.7 Third Parties**

10.7.1 If, before YNV pays an amount in discharge of any Claim, Sberbank (or the Sberbank Nominee, as appropriate) or any Group Company recovers from a third party a sum which indemnifies or compensates Sberbank (or the Sberbank Nominee, as appropriate) or the Group Company for the loss or liability which is the subject matter of the Claim, any actual recovery (less any costs and expenses incurred in obtaining such recovery less any Taxation attributable to the recovery) shall reduce or satisfy, as the case may be, such Claim.

10.7.2 If YNV has paid an amount in discharge of any Claim and subsequently Sberbank (or the Sberbank Nominee, as appropriate) or any Group Company recovers from a third party a sum which indemnifies or compensates Sberbank (or the Sberbank Nominee, as appropriate) or any Group Company for the loss or liability which is the subject matter of the Claim, Sberbank (or the Sberbank Nominee, as appropriate) shall, or shall use reasonable endeavours to procure that the relevant Group Company shall, pay to YNV as soon as practicable after receipt an amount equal to (i) any sum recovered from the third party less any costs and expenses incurred in obtaining such recovery less any Taxation attributable to the recovery or, if less, (ii) the amount previously paid by YNV to Sberbank (or the Sberbank Nominee, as appropriate) or the Group Company less any Taxation attributable to it.

**10.8 Matters capable of remedy**

If a fact or circumstance that gives rise to a Claim is capable of remedy by YNV, YNV will not be liable in respect of that Claim to the extent that it remedies the relevant breach, without Loss to Sberbank (or the Sberbank Nominee, as appropriate) or any Group Company, within \*\* following notification of the fact or circumstance by Sberbank (or the Sberbank Nominee, as appropriate) to YNV under Clause 10.1.1 or Clause 7.4.

**10.9 Provisions, overprovisions and other benefits, etc.**

YNV will not be liable in respect of a Claim (save for any Claim under Clause 7, Clause 9.1 or Schedule 9), to the extent that:

10.9.1 a specific and proper provision, reserve or reduction of asset value was included in the Locked Box Accounts or in the Accounts in respect of the matter giving rise to that Claim; and

10.9.2 the Management Accounts Assumptions have been fully satisfied.

**10.10 Mitigation of Losses**

Nothing in this Agreement impairs any Party's common law or otherwise arising duty of mitigation.

**10.11 Fraud**

None of the limitations contained in this Clause 10 shall apply to any Claim to the extent it arises or is increased as a result of fraud (or fraudulent misrepresentation) by YNV, any Group Company or any of their respective directors, officers or employees.

**10.12 Indirect or Consequential Loss; Punitive Damages**

YNV shall not have any liability in respect of any Claim for any indirect or consequential loss or punitive or exemplary damages (whether direct or indirect).

**10.13 Actual Knowledge of Sberbank**

YNV shall not be liable for any Claim under any YNV's Warranty to the extent that the facts, matters or circumstances giving rise to the breach of any YNV's Warranty were within the actual knowledge of any member of the Sberbank Deal Team as at the date of this Agreement, each of whom shall be deemed to have knowledge of such facts, matters or circumstances which are specifically described in the Linklaters' Report and KPMG's Report. For the purposes of this Clause 10.13, (i) the Sberbank Deal Team shall include the following persons \*\*: (ii) " **Linklaters' Report** " means the legal due diligence report prepared by Linklaters CIS for Sberbank in connection with the proposed Investment; and (iii) " **KPMG's Report** " means the financial, tax

and IT due diligence report prepared by AO KPMG for Sberbank in connection with the proposed Investment.

## 11 Claims

### 11.1 Notification of Claims

Subject to the time limits specified in Clause 10.1, notice of any Claim shall be given by Sberbank or the Sberbank Nominee (as applicable) to YNV as soon as reasonably practicable after Sberbank or the Sberbank Nominee (as applicable) becomes aware of such matter and shall specify in reasonable detail the legal and factual basis of the Claim and setting out Sberbank's estimate (or Sberbank Nominee's estimate, as appropriate) of the amount of any alleged losses which is, or is to be, the subject of the Claim (including any such losses which are contingent on the occurrence of any future event), in each case, to the extent such information is available or known to Sberbank as at the date of such notice. The failure by Sberbank to give such notice shall have no effect on the right of Sberbank to make the relevant Claim under this Agreement except that the failure shall be taken into account in determining the liability of YNV for such Claim under this Agreement to the extent YNV proves that it was prejudiced by such failure.

### 11.2 Conduct of Third Party Claims

11.2.1 Subject to Clause 11.2.2, if the matter or circumstance that would reasonably be expected to result in a Claim (save for any Tax Claim) is a result of or in connection with a claim by or liability to a third party (a "Third Party Claim") then:

- (i) the Company shall as soon as reasonably practicable give written notice to YNV and Sberbank stating reasonable details (to the extent known to the Company at the relevant time) of the nature of the Third Party Claim, the identity of the third-party claimant (to the extent known to the Company at the relevant time), copies of any formal demand or complaint, the circumstances giving rise to it, the specific nature of the breach to which such Third Party Claim is related, and (if practicable) a bona fide estimate of any alleged loss;
- (ii) Sberbank or the Sberbank Nominee (as applicable) shall allow YNV and its Representatives, at YNV's cost and expense, to investigate the Third Party Claim (including whether and to what extent any amount is or may be payable in respect thereof);
- (iii) the Company and Sberbank or the Sberbank Nominee (as applicable) shall make available to YNV and its Representatives all such information they may reasonably require, subject to YNV giving customary undertakings as to confidentiality as the Company, Sberbank or the Sberbank Nominee (as applicable) may reasonably require;
- (iv) Sberbank or the Sberbank Nominee (as applicable) shall take such action as YNV may reasonably request to avoid, dispute, resist, appeal, compromise, defend or mitigate any such Third Party Claim subject to being indemnified in full by YNV against any costs, expenses or losses incurred in so doing (subject to the limitations on the liability of YNV set forth in Clause 10.4); and
- (v) neither Sberbank nor the Sberbank Nominee shall make any admission of or settle or compromise any liability which Sberbank or the Sberbank Nominee (as applicable) may have in relation to the Third Party Claim without the prior written consent of YNV, which shall be deemed to have been provided if (x) YNV has not

responded to Sberbank or the Sberbank Nominee (as applicable) within \*\* following its written request or (y) failed to provide its consent without granting indemnification (in form and substance reasonably acceptable to Sberbank) against any costs, expenses or losses which Sberbank or the Sberbank Nominee (as applicable) (each acting reasonably) may suffer as a result of not being able to make any such admission of or settle or compromise any such liability.

11.2.2 If the matter or circumstance that may give rise to a Claim is a result of or in connection with a claim by or liability to a Governmental Authority (which is not the FAS or any Tax Authority) then Sberbank or the Sberbank Nominee (as applicable) shall be entitled, in its absolute discretion, to take such action as it shall deem necessary to avoid, dispute, deny, defend, resist, appeal, compromise or contest such claim or liability (including making counterclaims or other claims against such Governmental Authority) subject to indemnifying YNV in full against any costs, expenses or losses incurred (acting reasonably) as a result of Sberbank or the Sberbank Nominee (as applicable) assuming conduct of such claim and shall, so far as practicable, consult with YNV before taking any such action.

11.2.3 Notwithstanding Clauses 11.2.1 to 11.2.2, neither Sberbank (or the Sberbank Nominee, as appropriate) nor any member of the Sberbank's Group shall be required to take any action or refrain from taking any action, if Sberbank (or the Sberbank Nominee, as appropriate) or a member of the Sberbank's Group concerned, reasonably considers such action or omission may be unduly onerous or materially prejudicial to it or to its business.

## 12 Confidentiality

### 12.1 Announcements

No announcement, communication or circular in connection with the existence or the subject matter of this Agreement shall be made or issued by or on behalf of any Group Company, any member of the YNV Group or any member of Sberbank's Group without the prior written consent of YNV and Sberbank. This shall not affect any announcement, communication, or circular required by Applicable Law or the rules of any stock exchange on which the shares of the relevant Party or its holding company are listed, but the Party with an obligation to make an announcement or communication or issue a circular (or whose holding company has such an obligation) shall consult with the other Parties (or shall procure that its holding company consults with the other Parties) insofar as is reasonably practicable before complying with such an obligation.

### 12.2 Confidentiality

12.2.1 The Confidentiality Agreement shall cease to have any force or effect from the date of this Agreement.

12.2.2 Subject to Clauses 12.1 and 12.2.3, each of the Company, YNV and Sberbank shall (and Sberbank shall procure that the Sberbank Nominee shall) treat as strictly confidential and not disclose or use any information received or obtained as a result of entering into this Agreement (or any other Transaction Document) which relates to:

- (i) the existence and the provisions of any Transaction Document;
- (ii) the negotiations relating to any Transaction Document;

- (iii) (in the case of YNV) any information relating to the Group Companies and any other information relating to the business, financial or other affairs (including future plans and targets) of Sberbank's Group; or
- (iv) (in the case of Sberbank and any Sberbank Nominee) any information relating to the Group Companies and any information relating to the business, financial or other affairs (including future plans and targets) of the YNV Group.

12.2.3 Clause 12.2.2 shall not prohibit disclosure or use of any information if and to the extent:

- (i) the disclosure or use is required by Applicable Law or any stock exchange on which the shares of a Party or its holding company are listed;
- (ii) the disclosure or use is required to vest the full benefit of this Agreement in YNV, Sberbank or any Sberbank Nominee;
- (iii) the disclosure or use is required for the purpose of any arbitral or judicial proceedings arising out of any Transaction Document;
- (iv) the disclosure is required by Applicable Law to be made to a Tax Authority in connection with the Tax affairs of the disclosing Party;
- (v) the disclosure is made to professional advisers or actual or bona fide potential financiers of any Party on a need to know basis, provided that the disclosing Party shall ensure that such recipients maintain the confidential treatment of such information in the same manner as required of the disclosing Party under this Agreement;
- (vi) the information is or becomes publicly available (other than by breach of the Confidentiality Agreement or of this Agreement);
- (vii) the other Parties have given prior written approval to the disclosure or use; or
- (viii) the information is independently developed after Closing,

provided that prior to disclosure or use of any information pursuant to Clause 12.2.3(i), (ii), (iii) or (iv), the Party concerned shall, where not prohibited by Applicable Law, promptly notify the other Parties of such requirement and consult with the other Parties insofar as is reasonably practicable.

### 13 Other Provisions

#### 13.1 Further Assurances

Each of YNV, the Company and Sberbank shall, and shall use reasonable endeavours to procure that any necessary third party shall, from time to time execute such documents and perform such acts and things as any of the Parties may reasonably require to issue and transfer the Subscription Shares to Sberbank (or to any Sberbank Nominee, as appropriate) and to give the other Parties the full benefit of this Agreement.

#### 13.2 Whole Agreement

- 13.2.1 The Transaction Documents contain the whole agreement between the Company, YNV and Sberbank relating to the Investment, to the exclusion of any terms implied by law which may be excluded by contract, and supersede any previous written or oral agreement between any of the Company, YNV and Sberbank in relation to the Investment.

13.2.2 Each of the Parties acknowledges that it is not entering into this Agreement or any of the Transaction Documents under any compulsion, threat or duress, and that it has received independent legal advice regarding the provisions of the Transaction Documents from a legal advisor of its choice.

13.2.3 Each Party (i) acknowledges and agrees that it shall have no right to rescind this Agreement or any other Transaction Document (whether before or after Closing) in any circumstances whatsoever; (ii) acknowledges and agrees that, in entering into this Agreement and the other Transaction Documents, it is not relying on, and shall have no right or remedy in respect of, any statement, representation, assurance or warranty (whether of fact or of law and whether made innocently or negligently) of any person, including such statements, representations or warranties made by or on behalf of such person before the execution of this Agreement, including during the course of negotiating this Agreement and other Transaction Documents, other than as expressly set out in this Agreement or any other Transaction Document; (iii) hereby irrevocably and unconditionally waives any right it may have against the other Party(ies) for any misrepresentation in relation to the subject matter of this Agreement or any other Transaction Documents; and (iv) agrees that no damages sounding in tort can be claimed by such Party against the other Party(ies) in connection with this Agreement.

13.2.4 Nothing in this Clause 13.2 excludes or limits any liability for fraud.

### 13.3 Assignment

13.3.1 This Agreement is personal to the Parties and, except as permitted by Clause 13.3.2, no Party may without the prior written consent of the other Parties, assign, grant any security interest over, hold on trust or otherwise transfer the benefit of the whole or any part of this Agreement.

13.3.2 Sberbank (or the Sberbank Nominee, as appropriate) may, without the consent of the other Parties, assign to another member of the Sberbank's Group the benefit of the whole or any part of this Agreement, provided that:

- (i) Sberbank (or the Sberbank Nominee, as appropriate) simultaneously transfers all or part of its Shares to such assignee (in accordance with the Shareholders' Agreement); and
- (ii) if such assignee ceases to be a member of the Sberbank's Group, it shall, before ceasing to be a member of the Sberbank's Group, assign the benefit, so far as assigned to it, back to Sberbank (or the Sberbank Nominee, as appropriate) or to another Affiliate, as the case may be.

13.3.3 Any member of the Sberbank's Group pursuant to this Clause 13.3 shall not be entitled to receive under this Agreement any greater amount than that to which the assigning Party would have been entitled.

### 13.4 Third Party Rights

13.4.1 A person who is not a Party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of, or enjoy any benefit under, this Agreement, except to the extent set out in this Clause 13.4.

13.4.2 An assignee pursuant to Clause 13.3 may enforce and rely on this Agreement as if it were a Party.



13.4.3 YNV's obligations under this Agreement are entered into for the benefit of, and may be enforced by, any Sberbank Nominee (if any).

**13.5 Variation**

No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties.

**13.6 Method of Payment, Set-Off and Gross-up**

13.6.1 Subject to Clause 3.2, any payments pursuant to this Agreement shall be made in full, without any set-off, counterclaim, restriction or condition and without any deduction or withholding (save as may be required by Applicable Law or as otherwise agreed between Sberbank and YNV).

13.6.2 If any deduction or withholding is required by Applicable Law to be made from any payment in respect of a claim under this Agreement, in either case other than payment of the Consideration (as adjusted), the payer shall increase the amount of the payment to the extent necessary to ensure that the net amount received by the recipient (after taking into account all deductions or withholdings) is equal to the amount that it would have received had the payment not been subject to any such deductions or withholdings. The recipient or expected recipient of an amount paid under this Agreement (or any affiliate of or person with an interest in such recipient) shall take such measures as are reasonable to claim from the appropriate Tax Authority any exemption, rate reduction, refund, credit or similar benefit (including pursuant to any relevant double tax treaty) to which it is entitled in respect of any deduction or withholding in respect of which a payment has been made or would otherwise be required to be made pursuant to this Clause 13.6.2 and, for such purposes, shall, within any applicable time limits, submit any claims, notices, returns or applications and send a copy thereof to the payer.

13.6.3 If the recipient of a payment made under this Agreement (or any Affiliate of or person with an interest in such recipient) receives a credit for or refund of any Taxation payable by it or similar benefit by reason of any deduction or withholding for or on account of Taxation, then it shall reimburse to the payer such part of such additional amounts paid to it pursuant to Clause 13.6.2 as the recipient of the payment certifies to the payer will leave it (after such reimbursement) in no better and no worse position than it would have been if the payer had not been required to make such deduction or withholding.

13.6.4 Where any payment is made or to be made under this Agreement pursuant to an indemnity, compensation or reimbursement provision (or any reimbursement made pursuant to Clause 13.6.3) then the sum payable shall be adjusted to such sum as will ensure that

- (i) after payment of any Taxation charged on such sum in the hands of the recipient (including any Taxation which would have been charged in the absence of any Reliefs); and
- (ii) after giving credit for any Reliefs that is or will be available to the recipient in respect of the matter giving rise to the payment,

the recipient shall be left with a sum equal to the sum that it would have received in the absence of such a charge to Taxation or relief.

13.6.5 Clause 13.6.4 shall not apply to the extent that the amount of the indemnity, compensation or reimbursement payment has already been adjusted to take account of

the Taxation that will or would be charged on receipt or relief that is or will be available in respect of the matter giving rise to the payment.

- 13.6.6 Any payments pursuant to this Agreement shall be effected by crediting for same day value the account specified by the Company, YNV, Sberbank or the Sberbank Nominee (as the case may be) on behalf of the Party entitled to the payment (reasonably in advance and in sufficient detail to enable payment by electronic transfer to be effected) on or before the due date for payment.
- 13.6.7 Payment of a sum in accordance with this Clause 13.6 shall constitute a payment in full of the sum payable and shall be a good discharge to the payer (and those on whose behalf such payment is made) of the payer's obligation to make such payment and the payer (and those on whose behalf such payment is made) shall not be obliged to see to the application of the payment as between those on whose behalf the payment is received.

### 13.7 Costs

Each of Sberbank and YNV shall pay its own costs and expenses incurred by it in connection with the preparation, negotiation and entry into any of the Transaction Documents and the issuance of, and the subscription for, the Subscription Shares, provided that the Company shall bear fees and disbursements of the YNV's legal counsel incurred in connection with the preparation, negotiation and entry into any Transaction Document and the issuance of the Subscription Shares up to the total amount of \*\* (the " **Agreed Costs** ").

### 13.8 Notary

The Parties are aware that the Notary holds office at YNV's Dutch counsel. The Parties hereby acknowledge that they have been informed of the existence of the Ordinance Containing Rules of Professional Conduct and Ethics ( *Verordening beroeps- en gedragsregels* ) of the Royal Professional Organisation of Civil Law Notaries ( *Koninklijke Notariële Beroepsorganisatie* ) and explicitly agree and acknowledge that:

- 13.8.1 YNV's Dutch counsel may advise and act on behalf of YNV with respect to this Agreement and the Deed of Issuance, and any agreements or any disputes related to or resulting from this Agreement and/or the Deed of Issuance; and
- 13.8.2 the Notary shall execute the Deed of Issuance pursuant to which the Subscription Shares will be issued and that the Notary shall act as civil law notary on behalf of YNV ( *partijnotaris* ).

### 13.9 VAT

- 13.9.1 Where under the terms of this Agreement one Party is liable to indemnify or reimburse another Party or Parties in respect of any costs, charges or expenses, the payment shall include an amount equal to any VAT thereon not otherwise recoverable by the other Party (or Parties) or the representative member of any VAT group of which it forms part, subject to that person or representative member using reasonable endeavours to recover such amount of VAT as may be practicable.
- 13.9.2 If any payment under this Agreement constitutes the consideration for a taxable supply for VAT purposes, then (i) the recipient shall provide to the payer a valid VAT invoice, and (ii) except where the reverse charge procedure applies, and subject to the provision of a valid VAT invoice in accordance with (i), in addition to that payment the payer shall pay to the recipient any VAT due.

**13.10 Notices**

13.10.1 Subject to Clauses 5.1.4 and 13.10.8, any notice or other communication in connection with this Agreement (each, a "Notice") shall be:

- (i) in writing;
- (ii) delivered by hand, e-mail, recorded or special delivery or courier using an internationally recognised courier company.

13.10.2 A Notice to YNV shall be sent at the following address, or to such other person or address as YNV may notify to the other Parties from time to time:

**Yandex N.V.**

Schiphol Boulevard 165  
Schiphol 1118 BG  
Netherlands

Attention: \*\*  
Email: \*\*

with a copy (which shall not constitute Notice) to:

\*\*

Yandex LLC  
16 Lva Tolstogo Street  
Moscow 119021  
Russia  
Email: \*\*

\*\*

Morgan, Lewis & Bockius UK LLP  
Condor House, 5-10 St. Paul's Churchyard  
London EC4M 8AL United Kingdom  
Email: \*\*

13.10.3 A Notice to Sberbank shall be sent at the following address, or to such other person or address as Sberbank may notify to the other Parties from time to time:

**PJSC Sberbank of Russia**

19 Vavilova Street,  
Moscow 117997  
Russia

Attention:

\*\*

\*\*

\*\*

\*\*

with a copy (which shall not constitute Notice) to:

\*\*

Linklaters CIS  
Paveletskaya sq.2 bld. 2  
Moscow 115054  
Russia  
Email: \*\*

13.10.4 A Notice to the Company shall be sent at the following address, or to such other person or address as the Company may notify to the Parties from time to time:

**Yandex.Market B.V.**

Schiphol Boulevard 165  
Schiphol 1118 BG  
Netherlands

Attention: \*\*  
Email: \*\*

with a copy (which shall not constitute Notice) to:

\*\*

Morgan, Lewis & Bockius UK LLP  
Condor House, 5-10 St. Paul's Churchyard  
London EC4M 8AL United Kingdom  
Email: \*\*

13.10.5 Subject to Clause 13.10.6, a Notice shall be effective upon receipt and shall be deemed to have been received:

- (i) at the time recorded by the delivery company, in the case of recorded or special delivery;
- (ii) at the time of delivery, if delivered by hand or courier; or
- (iii) at the time of sending if sent by e-mail, provided that receipt shall not occur if the sender receives an automated message that the e-mail has not been delivered to the recipient.

13.10.6 A Notice that is deemed by Clause 13.10.5 to be received after 5.00 p.m. on any day, or on a Saturday, Sunday or public holiday in the place of receipt, shall be deemed to be received at 9.00 a.m. on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

13.10.7 For the purposes of this Clause 13.10, all references to time are to local time in the place of receipt. For the purposes of Notices by e-mail, the place of receipt is the place in which the Party to whom the Notice is sent has its postal address for the purpose of this Agreement.

13.10.8 E-mail is not permitted for any Notice which terminates, gives notice to terminate or purports to terminate this Agreement.

**13.11 Invalidity**

13.11.1 If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the Parties.

13.11.2 To the extent it is not possible to delete or modify the provision, in whole or in part, under Clause 13.11.1, then such provision or part of it shall, to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this Agreement and the legality, validity and enforceability of the remainder of this Agreement shall, subject to any deletion or modification made under Clause 13.11.1, not be affected.

### 13.12 Counterparts

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. YNV, the Company and Sberbank (or the Sberbank Nominee, as appropriate) may enter into this Agreement by executing any such counterpart.

### 13.13 Arbitration

13.13.1 The Parties agree that, in respect of any claim, dispute or difference or controversy of whatever nature arising out of, relating to, or in connection with this Agreement (including a claim, dispute, difference or controversy regarding its existence, termination, validity, interpretation, performance, breach, the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Agreement) (each, a "Dispute"), they shall notify in writing the other Parties and attempt in good faith to resolve such Dispute. If no such resolution can be reached during the 30-day period following the date of such written notice, then such Dispute shall be referred upon the application of any Party to, and finally settled by, arbitration in accordance with the London Court of International Arbitration ("LCIA") Rules (the "Rules") as in force at the date of this Agreement, which Rules, as amended by this Clause 13.13, are deemed to be incorporated into this Clause 13.13, and capitalised terms used in this Clause 13.13 which are not otherwise defined in this Agreement have the meaning given to them in the Rules.

13.13.2 The number of arbitrators shall be three, one of whom shall be nominated by the Claimant(s) between them, one by the Respondent(s) between them, and the third of whom, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two party-nominated arbitrators, provided that if the third arbitrator has not been nominated within \*\* of the nomination of the second party nominated arbitrator, such third arbitrator shall be appointed by the LCIA.

13.13.3 The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

13.13.4 No Party shall be required to give general discovery of documents, but may be required only to produce specific, identified documents or classes of documents which are relevant to the Dispute.

13.13.5 Each Party agrees that the arbitration agreement set out in this Clause 13.13 and the arbitration agreement contained in each other Transaction Document (other than the Ancillary Agreements and all documents entered into pursuant to the Ancillary Agreements) shall together be deemed to be a single arbitration agreement.

13.13.6 Each Party consents to being joined to any arbitration commenced under any Transaction Document on the application of any other Party if the Arbitral Tribunal so allows, and subject to and in accordance with the Rules. Before the constitution of the Arbitral Tribunal, any party to an arbitration commenced pursuant to this Clause 13.13 may effect joinder by serving notice on any party to any Transaction Document whom it seeks to join to the arbitration proceedings, provided that such notice is also sent to all

other parties to the Dispute and the LCIA Court within \*\* of service of the Request for Arbitration. The joined party will become a claimant or respondent party (as appropriate) to the arbitration proceedings and participate in the arbitrator appointment process in Clause 13.13.2.

13.13.7 An Arbitral Tribunal constituted under this Agreement may consolidate an arbitration hereunder with an arbitration under any other Transaction Document if the arbitration proceedings raise common questions of law or fact, and subject to and in accordance with the Rules. For the avoidance of doubt, this Clause 13.13.7 is an agreement in writing by all parties to any arbitrations to be consolidated for the purposes of Article 22.1(ix) of the Rules. If an Arbitral Tribunal has been constituted in more than one of the arbitrations in respect of which consolidation is sought pursuant to this Clause 13.13.7, the Arbitral Tribunal which shall have the power to order consolidation shall be the Arbitral Tribunal appointed in the arbitration with the earlier Commencement Date under Article 1.4 of the Rules (i.e. the first-filed arbitration). Notice of the consolidation order must be given to any arbitrators already appointed in relation to any of the arbitration(s) which are to be consolidated under the consolidation order, all parties to those arbitration(s) and the LCIA Registrar. Any appointment of an arbitrator in the other arbitrations before the date of the consolidation order will terminate immediately and the arbitrator will be deemed to be discharged. This termination is without prejudice to the validity of any act done or order made by that arbitrator or by any court in support of that arbitration before that arbitrator's appointment is terminated; his or her entitlement to be paid proper fees and disbursements; and the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision. If this clause operates to exclude a Party's right to choose its own arbitrator, each Party irrevocably and unconditionally waives any right to do so.

13.13.8 To the extent permitted by Applicable Law, each Party waives any objection, on the basis that a Dispute has been resolved in a manner contemplated by Clauses 13.13.6 to 13.13.7, to the validity and/or enforcement of any arbitral award.

13.13.9 Each Party agrees that any arbitration under this Clause 13.13 shall be confidential to the Parties and the arbitrators, and that each Party shall therefore keep confidential, without limitation, the fact that the arbitration has taken place or is taking place, all non-public documents produced by any other Party for the purposes of the arbitration, all awards in the arbitration and all other non-public information provided to it in relation to the arbitral proceedings, including hearings, save to the extent that disclosure may be requested by a regulatory authority, or required of it by legal duty, to protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a state court or other judicial authority.

13.13.10 The law of this arbitration agreement, including its validity and scope, shall be English law.

13.13.11 This agreement to arbitrate shall be binding upon the Parties, their successors and permitted assigns.

#### 13.14 Governing Law and Submission to Jurisdiction

13.14.1 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

13.14.2 The Parties acknowledge that the Deed of Issuance shall be governed by the laws of the Netherlands and that in the event of a dispute between the Parties arising out of or

in connection with the Deed of Issuance, or where the Notary is a party to a dispute under this Agreement, any such disputes, or portions thereof involving the Notary, shall in the first instance be submitted to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands.

13.14.3 Each of YNV, the Company and Sberbank irrevocably submits to the non-exclusive jurisdiction of the courts of England and Wales to support and assist the arbitration process pursuant to Clause 13.13, including if necessary the grant of interlocutory relief pending the outcome of that process.

**13.15 Language**

This Agreement is in the English language, with the exception of certain Schedules, or parts of certain Schedules, which are in the Russian language. If any of the Schedules in the Russian language is translated into English after the date of this Agreement and there is inconsistency between the Russian language version of the Schedule and its English language translation, the Russian language version of the Schedule shall prevail.

In witness whereof this Agreement has been duly executed on the date set out on the first page hereof.

EXECUTED by \_\_\_\_\_  
on behalf of Yandex N.V.:

}

EXECUTED by \_\_\_\_\_  
on behalf of Yandex.Market B.V.:

}

EXECUTED by \_\_\_\_\_  
on behalf of Sberbank:

}



Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

Dated [ • ] 2018

PJSC "SBERBANK OF RUSSIA"  
and  
[SBERBANK NOMINEE] <sup>1</sup>  
and  
YANDEX N.V.  
and  
STICHTING YANDEX.MARKET EQUITY INCENTIVE  
and  
YANDEX.MARKET B.V.

SHAREHOLDERS' AGREEMENT

relating to YANDEX.MARKET B.V.

Linklaters

Linklaters CIS  
Paveletskaya sq. 2, bld. 2  
Moscow 115054

Telephone: (+7) 495 797 9797  
Facsimile: (+7) 495 797 9798  
Ref. L-263619

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<sup>1</sup> All references to Sberbank Nominee to be deleted from the execution version if Sberbank has not exercised its rights under Clause 2.1.4 of the Subscription Agreement.

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## Shareholders' Agreement

This Agreement is made on [ • ] 2018 between :

- (1) **Sberbank of Russia** , a public joint stock company incorporated under the laws of the Russian Federation whose registered office is at 19 Vavilova St., 117997 Moscow, Russia and registered with the Unified State Register of Legal Entities under number 1027700132195 (" **Sberbank** ");
- (2) [**«Digital assets» Limited** , a limited liability company incorporated under the laws of the Russian Federation whose registered office is at 19 Vavilova St., 117997 Moscow, Russia and registered with the Unified State Register of Legal Entities under number 5157746082160] (" **Sberbank Nominee** ");
- (3) **Yandex N.V.** , a public limited liability company incorporated under the laws of the Netherlands ( *naamloze vennootschap met beperkte aansprakelijkheid* ), having its official seat ( *statutaire zetel* ) in Amsterdam, the Netherlands, and its office at Schiphol Boulevard 165, 1118BG Schiphol, the Netherlands, registered with the Dutch Trade Register of the Chambers of Commerce under number 27265167 (" **YNV** ");
- (4) **Stichting Yandex.Market Equity Incentive** , a foundation incorporated under the laws of the Netherlands, having its registered office in [Schiphol, municipality Haarlemmermeer], registered with the trade register of the Chamber of Commerce under number [ • ] (" **Stichting** "); and
- (5) **Yandex.Market B.V.** , a private company with limited liability incorporated under the laws of the Netherlands ( *besloten vennootschap met beperkte aansprakelijkheid* ), having its official seat ( *statutaire zetel* ) in Amsterdam, the Netherlands, and its office at Schiphol Boulevard 165, 1118BG Schiphol, the Netherlands, registered with the Dutch Trade Register of the Chambers of Commerce under number 66115582 (the "**Company**"),

(each a "**Party**" and together the "**Parties**").

### Recitals :

- (A) Sberbank [Nominee] has subscribed for a stake in the issued share capital of the Company in order to carry on the Business (as defined below) together with YNV for mutual profit on the terms set out in a separate agreement between Sberbank, the Company and YNV executed on [ • ] December 2017 (the "**Subscription Agreement**").
- (B) Sberbank, YNV and the Company have agreed that Shares representing \*\* of the issued share capital of the Company (on a fully diluted basis) have been issued to Stichting in order to incentivise certain employees of the Group in accordance with the terms of this Agreement and the Incentive Programme.
- (C) In consideration of the mutual undertakings set out in this Agreement and other Transaction Documents, the Shareholders have agreed to hold their Shares and to regulate their respective rights in the Company on the terms and conditions of this Agreement.

It is agreed as follows:

## PART A – INTERPRETATION

### 1 Interpretation

In this Agreement, unless the context otherwise requires, the provisions in this Clause 1 apply:

#### 1.1 Definitions

"\*\*" has the meaning set out in the Subscription Agreement;

"AA Dispute" has the meaning set out in Clause 5.3;

"Acceptance Notice" has the meaning set out in Clause 22.4.3(i)(a);

"Additional Investor" has the meaning set out in Clause 18.1;

"Additional Securities" has the meaning set out in Clause 21.1.1(i);

"Advertising" means advertising materials, content, files and/or any other information intended to promote any goods, offers, products, services, information, in any form;

"Advertising Code" means a software module intended for the display of the Advertising on the Advertising Inventories;

"Advertising Inventories" means Internet resources (including sites and mobile applications) on which the Advertising Code is installed and the Advertising are placed;

"Advertising Network" means a technological platform that combines various Advertising Inventories;

"Third-Party Advertising Network Provider" has the meaning set out in Clause 5.8.3;

"Affiliate" means, in relation to any person, any other person directly or indirectly Controlling, Controlled by or under common Control with, such person, provided that, for the purposes of this Agreement, the Central Bank of the Russian Federation shall not be deemed to be an Affiliate of Sberbank (and vice versa);

"Agreed Form" means, in relation to a document, such document in the terms agreed between the Principals and signed for identification by or on behalf of the Principals;

"Agreement" means this agreement as modified, amended or replaced from time to time;

"Alice" means the AI Personal Assistant developed by YNV or its Affiliates;

\*\*

\*\*

"Ancillary Agreements" means the Sberbank Ancillary Agreements and the YNV Ancillary Agreements;

"Appointed Director" means any Sberbank Director or any YNV Director as the context may require;

"Appointing Shareholder" has the meaning set out in Clause 9.2.2;

"Appointment Dispute" has the meaning set out in Clause 9.2.3;

"Articles" means the articles of association ( *statuten* ) of the Company from time to time;

" **Auditors** " means KPMG (or its Dutch and/or Russian affiliate(s)) or such other Big Four Firm which is appointed as auditor of the Group from time to time;

" **Big Four Firm** " means any "big four" accounting firm (Deloitte Touche Tohmatsu, EY, KPMG, PricewaterhouseCoopers, or any successor in title to any of their respective valuation businesses);

" **Board** " means the board of directors of the Company;

" **Board Reserved Matters** " has the meaning set out in Clause 8.1;

" **Board Super Majority** " has the meaning set out in Clause 8.1;

\*\*

\*\*

" **Budget** " means the budget for the Group approved or amended from time to time by the Board, being initially the document, in the Agreed Form and marked "Budget";

" **Business** " has the meaning set out in Clause 2;

" **Business Day** " means a day which is not a Saturday, a Sunday or a public holiday in Moscow, the Russian Federation or Amsterdam, the Netherlands;

" **Business Plan** " means the Initial Business Plan or any Subsequent Business Plan;

" **CEO** " means the chief executive officer (general director) of the Russian OpCo from time to time, the first such person (following the date of this Agreement) being Maxim Grishakov;

" **CEO Notice** " has the meaning set out in Clause 9.2.2(i);

" **CEO Qualified IPO** " means a fully underwritten IPO where: (i) the valuation of the Group (for 100 per cent. of equity) is not less than \*\* (ii) at least \*\* of the share capital of the Group (post-offering) is to be offered via such IPO, and (iii) \*\*

" **CFO** " means the chief financial officer of the Russian OpCo from time to time, the first such person (following the date of this Agreement) being Alexander Balakhnin;

" **Chair** " means the Chairman of the Board from time to time;

" **Closing** " has the meaning set out in the Subscription Agreement;

" **Company Advertising** " means advertising materials in any form intended to advertise any of the Company Services and/or the Company Resources, or their individual elements;

" **Company Data** " has the meaning given to it in clause [ • ] of the Data Sharing Agreement;

" **Company Resources** " means the Advertising Inventories, as well as any other digital and/or offline inventory owned by the Company and/or its Subsidiaries and used to provide the Company Services;

" **Company Service** " means any of the services offered by the Company and/or its Subsidiaries to Internet users, partners, customers and/or clients (for the avoidance of doubt, including vendors and purchasers);

" **Company Web Counter** " has the meaning set out in Clause 5.9.2(ii);

" **Conducting Shareholder** " has the meaning set out in Clause 5.3.1;

" **Confidential Information** " has the meaning set out in Clause 30.2;

" **Consenting Shareholder** " has the meaning set out in Clause 9.2.2;

" **Control** " means, in relation to a person, where a person (or Persons Acting In Concert) has direct or indirect control, whether exercised or not, (1) of the affairs of that person, or (2) over more than 50 per cent. of the total voting rights conferred by all the issued shares in the capital of that person which are ordinarily exercisable in general meeting or (3) of a majority of the board of directors of that person (in each case whether pursuant to relevant constitutional documents, contract or otherwise) and " **Controlling** " and " **Controlled** " shall be construed accordingly;

" **Core Business** " means \*\*;

" **Core Business Commencement** " means, in respect of a jurisdiction where the Core Business is to be commenced pursuant to the relevant approval of the Board, satisfaction of all the following conditions in relation to operation of the Core Business: \*\*

" **CTO** " means the chief executive officer (general director) of Market.Lab from time to time, the first such person (following the date of this Agreement) being Alexey Shevenkov;

" **Deadlock Appointees** " has the meaning set in Clause 24.2.1;

" **Deadlock Matter** " has the meaning set out in Clause 24.1.3;

" **Deed of Adherence** " means a deed substantially in the form set out in Schedule 1;

" **Defaulting Shareholder** " has the meaning set out in Clause 23;

" **Director** " means any director ( *besturder* ) of the Company appointed by a Shareholder in accordance with the terms of this Agreement and the Articles;

" **Dispute** " has the meaning set out in Clause 31.1.1;

" **Dissenting Shareholder** " has the meaning set out in Clause 26.3;

" **Dividend Policy** " means the dividend policy of the Group, in the Agreed Form;

" **DR** " means a depositary receipt ( *certificaten van aandelen* ) that may be issued by Stichting in respect of the Stichting Shares, each representing \*\*;

" **Drag-along Exit** " has the meaning set out in Clause 22.4.4(i);

" **Drag-along Notice** " has the meaning set out in Clause 22.4.4(i);

" **Drag-along Shares** " has the meaning set out in Clause 22.4.4(i);

" **Dragged Shareholder** " has the meaning set out in Clause 22.4.4(i);

" **Dragging Shareholder** " has the meaning set out in Clause 22.4.4(i);

" **Encumbrance** " means any claim, charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal, usufruct, attachment ( *beslag* ) or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing;

" **End Date** " has the meaning set out in Clause 22.4.3(i)(a);

" **Excess Additional Securities** " has the meaning set out in Clause 21.1.1(i);

" **Exclusivity Period** " means, in respect of any Principal, the period from the date of this Agreement until \*\*;

" **Exclusivity Territory** " means: \*\*

" **Existing Operations** " has the meaning set out in Clause 28.2.4;

" **Financial Services Provider** " means any provider of payment and/or financial services (excluding, for the avoidance of doubt, Sberbank and any of its Affiliates) \*\*;

" **Financial Year** " means a financial year of the Group commencing (other than in the case of its initial financial period) on 1 January and ending on 31 December or on such other dates as the Board may resolve as a Board Reserved Matter in accordance with this Agreement and the Articles;

" **FinServices Experiment** " has the meaning set out in Clause **Error! Reference source not found.** ;

" **Group** " means the Company, the Russian OpCo, Market Lab and any other Group Companies from time to time;

" **Group Companies** " means the Company, the Russian OpCo, Market Lab and their subsidiaries from time to time, and " **Group Company** " means any one of them;

" **IFRS Accounts** " means the consolidated accounts of the Group to be prepared by the Company in accordance with Clauses 6.2.1(ii), 6.2.1(iv) and 6.2.1(vj);

" **IFRS Costs** " means any direct incremental costs of the Group (including the relevant allocation of internal staff time) in relation to preparation of the IFRS Accounts as required by, and pursuant to, the deadlines set out in Clause 6.2.3;

" **Incentive Programme** " means the equity incentive programme (including the relevant eligibility criteria, applicable good and bad leaver provisions and vesting criteria settlement terms) under which certain employees of the Group are eligible to acquire DRs (subject to the applicable terms and conditions), in the Agreed Form;

" **Independent Director** " means a reputable professional with knowledge and experience in Business and board experience who:

- (i) is not related to or affiliated with any Shareholder or the Group, whether by way of employment (whether current or former), directorship, shareholding (save for holding no more than 1 per cent. of shares) or otherwise, unless each other member of the Board confirms that in his/her reasonable opinion such relation or affiliation with any Shareholder or the Group would not affect such professional's independence from each of Shareholders and the Group;
- (ii) shall declare himself/herself free from any conflict of interests relevant in such professional's capacity as a Director independent from each of the Shareholders and the Group, including any relation or affiliation with any Shareholder or the Group referred to in sub-paragraph (i) of this definition; and
- (iii) shall not, in the reasonable opinion of each other member of the Board, have any conflict of interests that would affect such professional's independence from each of the Group and any Shareholder;

" **Initial Business Plan** " means the \*\* strategic business plan for the Group in relation to the period from Closing until \*\*, as set out in Schedule 5 or as agreed pursuant to the Subscription Agreement;

" **Initiating Shareholder** " has the meaning set out in Clause 26.1;



Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

" **Intellectual Property Rights** " means, without limitation, trade marks, service marks, trade names, domain names, get-up, logos, patents, inventions, registered and unregistered design rights, copyrights, semi-conductor topography rights, database rights and all other similar rights which may subsist in any part of the world now or in the future (including Know-how) including, where such rights are obtained or enhanced by registration, any registration of such rights and applications and rights to apply for such registrations;

" **Interest** " includes an interest of any kind in or in relation to any Share or any right to control the voting or other rights attributable to any Share, disregarding any conditions or restrictions to which the exercise of any right attributed to such interest may be subject;

" **IPO** " means the underwritten initial public offering in respect of and admission of all or any part of the Shares or depository receipts (or equivalent) representing Shares, of the Company to trading on \*\*;

" **Junior Employee** " means any employee of the Group who \*\*;

" **Key Employee** " means any member of the Senior Management;

" **Know-how** " means confidential and proprietary industrial and commercial information and techniques in any form including, without limitation, drawings, formulae, test results, reports, project reports and testing procedures, instruction and training manuals, tables or operating conditions, market forecasts, lists and particulars of customers and suppliers;

" **Laws** " means the laws and regulations of the Netherlands, the Russian Federation and any other laws and regulations for the time being in force applicable to any member of the Group or any Shareholder or their Affiliates (as appropriate) including, where applicable, the rules of any stock exchange on which the securities of a Shareholder or its Affiliates are listed or other governmental or regulatory body to which a Shareholder or its Affiliates are subject;

" **LCIA** " has the meaning set out in Clause 31.1.1;

" **Link** " has the meaning set out in Clause 5.12.2;

" **Lock-up Period** " has the meaning set out in Clause 22.1.1;

" **Login** " means, in respect of the Services and/or the Resources of the Company, YNV or Sberbank, as the case may be, a password, code or other method of identifying a person who uses any such Services and/or Resources, required to access the separate account of each such person with such Resources and/or Services;

" **Losses** " means all losses, liabilities, costs (including legal costs and attorneys', experts' and consultants' fees), charges, expenses, actions, proceedings, claims and demands;

" **Loyalty Programs** " means the Sberbank Loyalty Program and the Yandex Loyalty Program;

" **Management Team** " means both Senior Management and Senior Employees;

" **Market Lab** " means Yandex.Market Lab LLC, a Russian limited liability company incorporated under the laws of the Russian Federation whose registered office is at 16 Lva Tolstogo Street, Moscow, 119021, Russia, and registered with the Unified State Register of Legal Entities under number 1167746241222;

" **Material Change to the Budget** " means, in relation to an approved Budget for any Financial Year: (A) any decrease of \*\*, or more in budgeted (i) gross merchandise value or

(ii) revenue (sales); or (B) any increase or decrease of \*\* or more in budgeted (i) EBITDA, (ii) net profit or (iii) CAPEX;

" **Material Change to the Business Plan** " means, in relation to an approved Business Plan: (A) any decrease of \*\* or more for any Financial Year in planned (i) gross merchandise value or (ii) revenue (sales); or (B) any increase or decrease of \*\* or more for any Financial Year in planned (i) EBITDA, (ii) net profit or (iii) CAPEX;

" **New Opportunity** " has the meaning set out in Clause 28.2.1;

" **New Opportunity Jurisdiction** " has the meaning set out in Clause 28.2.1;

" **Niche Products Business** " has the meaning set out in Clause **Error! Reference source not found.** ;

" **Non-contributing Shareholder** " has the meaning set out in Clause 21.1.2;

" **Non-defaulting Shareholder** " has the meaning set out in Clause 23;

" **Notice** " means has the meaning set out in Clause 31.4.1;

" **Offer** " has the meaning set out in Clause 22.4.2(i);

" **Offeror** " has the meaning set out in Clause 22.4.1;

" **Option Agreements** " has the meaning set out in the Subscription Agreement;

" **Outstanding Amount** " has the meaning set out in Clause 21.1.2;

" **Party** " means a party to this Agreement, and " **Parties** " shall be construed accordingly;

" **Permitted Web Counter** " has the meaning set out in Clause 5.9.4;

" **Persons Acting In Concert** ", in relation to a person, means persons which actively co-operate through the acquisition by them of shares in that person or a holding company of that person, pursuant to an agreement or understanding (whether formal or informal), with a view to obtaining or consolidating Control of that person;

" **Pre-Agreed Deputy** " means an individual mutually agreed between the Principal Shareholders to be a replacement of the CEO or CFO (as applicable) solely for the purposes of Clause 24;

" **Principals** " means Sberbank and YNV, and " **Principal** " means either of them;

" **Principal Shareholders** " means Sberbank [Nominee] and YNV, and " **Principal Shareholder** " means either of them;

" **Private Placement** " has the meaning set out in Clause 18.1;

" **Promotion Channel** " means a method or format for the placement of the Company Advertising, including, Internet advertising, outdoor advertising, television and/or radio advertising;

" **Qualified IPO** " means a fully underwritten IPO where: (i) the valuation of the Group (for 100 per cent. of equity) is not less than \*\* and (ii) at least \*\* of the share capital of the Group are sold via such IPO;

" **Qualified IPO Notice** " has the meaning set out in Clause 26.3;

" **Realisation Date** " has the meaning set out in Clause 18.1;

- " **Regulatory Condition** " means a *bona fide* requirement for material consent, clearance, approval or permission necessary to enable a Transferring Shareholder, the Remaining Shareholder and/or Offeror to be able to complete a transfer of Shares under applicable Laws;
- " **Related Party Transaction** " has the meaning set out in Clause 4.1;
- " **Remaining Shareholder** " has the meaning set out in Clause 22.4.1(vi)(a);
- " **Requesting Shareholder** " has the meaning set out in Clause 6.2.5;
- " **Resources** " means the Company Resources, the Yandex Resources or the Sberbank Resources, as the context may require;
- " **Restricted Employee** " means \*\*;
- " **Restricted Party** " means such entity or entities as may be agreed by the Principals in writing or by a simple majority of the Board from time to time;
- " **Restricted Transferee** " means such entity or entities as may be agreed by the Principals in writing from time to time;
- " **Right** " means any right, power or remedy in connection with this Agreement;
- " **Rules** " has the meaning set out in Clause 31.1.1;
- " **Russian OpCo** " means Yandex.Market LLC, a Russian limited liability company incorporated under the laws of the Russian Federation whose registered office is at 16 Lva Tolstogo Street, Moscow, 119021, Russia and registered with the Unified State Register of Legal Entities under number 1167746491395;
- " **Sberbank Ancillary Agreements** " means \*\*;
- " **Sberbank Assistant** " has the meaning set out in Clause **Error! Reference source not found.** ;
- " **Sberbank Data** " has the meaning given to it in clause [ • ] of the Data Sharing Agreement;
- " **Sberbank Directors** " has the meaning set out in Clause 9.1.2(i)(a)(II);
- " **Sberbank Financial Services Agreement** " means \*\*;
- " **Sberbank Independent Director** " has the meaning set out in Clause 9.1.2(i)(a)(I);
- " **Sberbank Loyalty Program** " means any customer reward program for users of the Sberbank Services maintained by Sberbank from time to time during the term of this Agreement, including the program "Thank you from Sberbank";
- " **Sberbank Promotion** " means all of the Company's activities aimed at placing information about Sberbank, references to the Sberbank Resources, and to marketing and/or other advertising materials of Sberbank on the Company Resources and/or the Company Services;
- " **Sberbank Resources** " means the Advertising Inventories, as well as any other digital and/or offline inventory owned by Sberbank and/or its Affiliates and used to provide Sberbank Services;

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

" **Sberbank Service** " means any of the services offered by Sberbank and/or its Affiliates to Internet users, partners, customers and/or clients (for the avoidance of doubt, including vendors and purchasers);

" **Sberbank Shares** " means voting Shares of Class B of EUR 0.002 each;

" **Sberbank Special Promotion Services Request** " has the meaning set out in Clause 29.2.3;

" **Sberbank Web Counter** " has the meaning set out in Clause 5.9.2(ii);

" **Search Wizard** " means \*\*;

" **Service** " means any of the Company Services, the Yandex Services or the Sberbank Services, as the context may require;

" **Security Enforcement Opportunity** " means any investment opportunity that: \*\*

" **Senior Employee** " means persons holding positions in the Russian OpCo or in Market Lab (as applicable) listed in Part B of Schedule 2;

" **Senior Management** " means those positions in the Russian OpCo or in Market Lab listed in Part A of Schedule 2;

" **Shareholder** " means any holder of Shares from time to time having the benefit of this Agreement, including under the terms of a Deed of Adherence;

" **Shareholder Reserved Matters** " has the meaning set out in Clause 17.2;

" **Shareholder's Group** " means a Principal Shareholder and any Affiliate of that Principal Shareholder from time to time;

" **Shares** " means all the shares in the issued share capital of the Company from time to time;

" **Stichting Shares** " means voting shares of Class C of EUR 0.002 each in the share capital of the Company that may be issued to and held by Stichting from time to time;

" **Subscription Agreement** " has the definition set out in Recital (A);

" **Subscription Price** " has the meaning set out in Clause 21.1.1(i);

" **Subsequent Business Plan** " means a strategic business plan for the Group for a period of \*\*, which, once approved, replaces the Initial Business Plan or the previous Subsequent Business Plan (as applicable) in all respects;

" **Surviving Provisions** " means Clause 1 ( *Interpretation* ), Clause 5 ( *Contracts with YNV and Sberbank* ), Clause 27 ( *Duration, termination and survival* ), Clause 28 ( *Expansion of Joint Venture* ), Clause 29 ( *Restrictions* ), Clause 30 ( *Confidentiality* ), Clause 31.1 ( *Arbitration* ), Clause 31.2 ( *Governing law and submission to jurisdiction* ), Clause 31.4 ( *Notices* ), Clause 31.5 ( *Whole agreement and remedies* ), Clause 31.6 ( *Legal advice and reasonableness* ), Clause 31.9 ( *No partnership* ), Clause 31.11 ( *Survival of rights, duties and obligations* ), Clause 31.12 ( *Waiver* ), Clause 31.13 ( *Variation* ), Clause 31.14 ( *No assignment* ), Clause 31.16 ( *Invalidity/severance* ), Clause 31.18 ( *Costs* ) and Clause 31.19 ( *Third Party Rights* ), and any other provisions of this Agreement to the extent relevant to the interpretation or enforcement of such provisions;

" **Tag-along** " has the meaning set out in Clause 22.4.1(vi);

" **Tag-along Default** " has the meaning set out in Clause 22.4.3(ii)(c);

" **Tag-along Default Notice** " has the meaning set out in Clause 22.4.3(ii)(c);

" **Tag-along Shares** " has the meaning set out in Clause 22.4.3(ii)(a);

" **Tag Portion** " has the meaning set out in Clause 22.4.1(vi)(a);

" **Taxation** " or " **Tax** " means all forms of taxation (other than deferred tax) and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, in each case in the nature of tax, whether levied by reference to income, profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments to a Tax Authority on account of Tax, in each case of the Netherlands, the Russian Federation or elsewhere in the world wherever imposed and whether chargeable or primarily against or attributable directly or primarily to a Group Company or any other person and all penalties and interest relating thereto;

" **Tax Authority** " means any taxing or other authority competent to impose any liability in respect of Taxation or responsible for the administration and/or collection of Taxation or enforcement of any law in relation to Taxation;

" **Technology Agreement** " means \*\*;

" **Third Party Offer** " has the meaning set out in Clause 22.4.1;

" **Third Party Offer Price** " has the meaning set out in Clause 22.4.1(iv);

" **Third-Party Advertising Network Provider** " has the meaning set out in Clause 5.8.2(ii);

" **Third-Party Promotion Channels Provider** " has the meaning set out in Clause 5.10.1;

" **Traffic** " means visits by a certain number of Internet users to an Advertising Inventory over a certain period of time;

" **Transaction Documents** " has the meaning set out in the Subscription Agreement;

" **Transfer** ", in the context of Shares or any Interest in Shares, means any of the following: (a) sell, assign, transfer or otherwise dispose of, or grant any option over, any Shares or any Interest in Shares; (b) create or permit to subsist any Encumbrance over Shares or any Interest in Shares; (c) enter into any agreement in respect of the votes or any other rights attached to any Shares or any Interest in Shares (including under this Agreement); or (d) renounce or assign any right to receive any Shares or any Interest in Shares;

" **Transfer Date** " has the meaning set out in Clause 25.1.3;

" **Transfer Notice** " has the meaning set out in Clause 22.4.2;

" **Transferee** " has the meaning set out in Clause 22.3;

" **Transferor** " has the meaning set out in Clause 22.3;

" **Transferring Shareholder** " has the meaning set out in Clause 22.4.1;

" **Transfer Shares** " has the meaning set out in Clause 22.4.1;

" **Unsuitable Director** " means a Director who has been charged with (or is suspected of) having, or determined by a court of competent jurisdiction to have, acted in material breach of the Laws or committed any serious criminal offence, or a material breach of any fiduciary duty in relation to the Group;

" **VAT** " means within the European Union such Tax as may be levied in accordance with (but subject to derogations from) Council Directive 2006/112/EC and outside the European Union any Tax levied by reference to added value or sales;

" **Web Counter** " means a program element designed to collect information about users visiting and/or using the respective Company Services and/or Company Resources;

" **Yandex Advertising Network** " means the Advertising Network that is owned and operated by YNV and its Affiliates, official website of which is available at <https://partner2.yandex.ru/>;

" **Yandex Data** " has the meaning given to it in clause [ • ] of the Data Sharing Agreement;

" **Yandex Loyalty Program** " means any customer reward program for users of the Yandex Services maintained by Yandex Service Companies from time to time during the term of this Agreement, including the program "Yandex+";

" **Yandex Promotion** " means all of the Company's activities aimed at placing information about YNV and/or its Affiliates, references to the Yandex Resources, and to marketing and/or other advertising materials of YNV and/or its Affiliates on the Company Resources and/or the Company Services;

" **Yandex Resources** " means the Advertising Inventories, as well as any other digital and/or offline inventory owned by YNV and/or its Affiliates and used to provide the Yandex Services;

" **Yandex Service** " means any of the services offered by any Yandex Service Company to Internet users, partners, customers and/or clients (for the avoidance of doubt, including vendors and purchasers);

" **Yandex Service Company** " means (i) YNV, (ii) any Affiliate of YNV, (iii) any entity in which YNV holds or is entitled to acquire (directly or indirectly) no less than 25 per cent. of economic or voting rights, (iv) any entity which is treated by YNV as an Affiliate for the purposes of advertising or promotion, including co-branding activities, and/or (v) any entity that the Principal Shareholders have agreed in writing to treat as a Yandex Service Company for the purposes of this Agreement;

" **Yandex Services Promotion Features** " means \*\*;

" **Yandex Web Counter** " has the meaning set out in Clause 5.9.2(i);

" **YM Shopping Skill** " has the meaning set out in Clause 28.5;

" **YNV Advertising Code** " means the Advertising Code the rights to which belong to YNV and/or its Affiliates;

" **YNV Ancillary Agreements** " means: \*\*

" **YNV Assistant** " has the meaning set out in Clause ~~Error! Reference source not found.~~ ;

" **YNV Directors** " has the meaning set out in Clause 9.1.2(ii)(a)(II);

" **YNV Independent Director** " has the meaning set out in Clause 9.1.2(ii)(a)(I);

" **YNV Shares** " means voting Shares of Class A of EUR 0.002 each; and

" **YNV Special Promotion Services Request** " has the meaning set out in Clause 29.2.2(i).

**1.2 Singular, plural, gender**

References to one gender include all genders and references to the singular include the plural and vice versa.

**1.3 References to persons and companies**

References to:

- 1.3.1 a person includes any company, corporation, firm, joint venture, partnership or unincorporated association (whether or not having separate legal personality); and
- 1.3.2 a company include any company, corporation or any body corporate, wherever incorporated.

**1.4 References to subsidiaries and holding companies**

A company is a " **subsidiary** " of another company (its " **holding company** ") if that other company, directly or indirectly, through one or more subsidiaries:

- 1.4.1 holds a majority of the voting rights in it;
- 1.4.2 is a member or shareholder of it and has the right to appoint or remove a majority of its board of directors or equivalent managing body;
- 1.4.3 is a member or shareholder of it and controls alone, or pursuant to an agreement with other shareholders or members, a majority of the voting rights in it; or
- 1.4.4 has the right to exercise a dominant influence over it, for example by having the right to give directions with respect to its operating and financial policies, with which directions its directors are obliged to comply.

**1.5 Schedules etc.**

References to this Agreement shall include any Recitals and Schedules to it and references to Clauses and Schedules are to Clauses of, and Schedules to, this Agreement. References to paragraphs and Parts are to paragraphs and Parts of the Schedules.

**1.6 Information**

References to books, records or other information mean books, records or other information in any form, including paper, electronically stored data, magnetic media, film and microfilm.

**1.7 Legal terms**

References to any English legal term shall, in respect of any jurisdiction other than England and Wales, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction.

**1.8 Headings**

Headings shall be ignored in interpreting this Agreement.

**1.9 Non-limiting effect of words**

The words "including", "include", "in particular" and words of similar effect shall not be deemed to limit the general effect of the words which precede them.

**1.10 Winding up**

References to the winding up of a person include any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled or resident or carries on business or has assets.

**1.11 Joint and several liability**

Any provision of this Agreement which is expressed to bind more than one person shall bind each of them severally and not jointly and severally.

**1.12 Modification etc. of statutes**

References to a statute or statutory provision include that statute or provision as from time to time modified or re-enacted or consolidated.

**1.13 Documents**

References to any document (including this Agreement) or to a provision in a document, shall be construed as a reference to such document or provision as amended, supplemented, modified, restated or novated from time to time.

**1.14 Non-applicability of contra proferentem**

The Parties acknowledge and agree that this Agreement has been jointly drafted by the Parties and accordingly the *contra proferentem* rule (or any similar rule of interpretation) shall not be applied against any Party.



**PART B – SCOPE OF THE JOINT VENTURE**

**2 Purpose of joint venture**

The business of the Group shall be to engage in e-commerce on a worldwide basis, including, without limitation, through: \*\*  
(together, the "Business").

**PART C – CONDUCT AND OPERATIONS OF THE COMPANY**

**3 Conduct and development of the Business**

**3.1 General**

- 3.1.1 The Shareholders agree that their respective rights and obligations in relation to the Group and the Business shall be regulated by this Agreement and the Articles. The Shareholders agree to comply with the provisions of this Agreement and all provisions of the Articles which relate to them.
- 3.1.2 [Sberbank shall procure that Sberbank Nominee complies with all of its obligations under this Agreement, other Transaction Documents and the Articles.]
- 3.1.3 The Shareholders shall (so far as they lawfully can) ensure that the Company complies with all of its obligations under this Agreement, other Transaction Documents and the Articles.
- 3.1.4 The Company agrees to comply with all of its obligations under this Agreement, other Transaction Documents and the Articles and procure that the Group Companies do the same.

**3.2 Conduct and promotion of the Business**

The Shareholders shall vote their Shares and otherwise act within their power (so far as they lawfully can) to ensure the following:

- 3.2.1 that the Business shall be conducted in accordance with the Business Plan and Budget; and
- 3.2.2 that the Company shall not act, and shall procure (insofar as it lawfully can) that any Group Company shall not act, otherwise than in accordance with applicable Laws, the Transaction Documents and the Articles.

**4 Related Party Transactions. Group Company claims**

- 4.1 Subject to Clause 5 and unless the Principal Shareholders agree otherwise (including in respect of any amendment to an Ancillary Agreement), the Principal Shareholders and the Company shall procure that any new (and any extension or other modification of any existing) transaction, arrangement or dealing by any member of the Group with any member of a Shareholder's Group (a " **Related Party Transaction** ") shall be entered into by such member on an arm's length commercial basis, on terms not unfairly prejudicial to the interest of either Principal Shareholder or the Group and shall be subject to the prior consent of the Board by a Board Super Majority.
- 4.2 Where a Group Company may have a claim against any Principal Shareholder or its Affiliate (including under the Subscription Agreement or otherwise), all decisions relating to any action in respect of the conduct of such claim by the relevant Group Company (including any action required to initiate proceedings, compromise, settle, defend, remedy, mitigate, appeal or apply for any interim injunction or other application or action (including interim defence)) shall be taken by a simple majority of the Board.

**5 Contracts with YNV and Sberbank**

The Principals and the Company shall procure that:

- 5.1 YNV (or its relevant Affiliate) shall provide services and grant rights to the Group pursuant to each of the YNV Ancillary Agreements (and shall ensure that each such YNV Ancillary Agreement remains in full force and effect) during the period from the date of this Agreement until the date that is:
- 5.1.1 in case of \*\*;
  - 5.1.2 in case of \*\*; and
  - 5.1.3 in case of \*\*;
- in each case, following the earlier of \*\*. Notwithstanding the foregoing, \*\* and
- 5.1.4 in case of any other \*\*.
- 5.2 Sberbank (or its relevant Affiliate) shall provide services to the Group pursuant to each of the \*\* provided that: \*\*
- 5.3 **Conduct of AA Disputes**
- The Principal Shareholders shall procure that in case of any dispute or claim arising out of or in connection with any Ancillary Agreement (including as a result of a breach or termination of such Ancillary Agreement) between a Principal Shareholder (or its Affiliate) and a Group Company (an "AA Dispute"):
- 5.3.1 the Company shall as soon as reasonably practicable give written notice to the other Principal Shareholder (the "Conducting Shareholder") stating reasonable details (to the extent known to the Company at the relevant time) of the nature of the AA Dispute, copies of any formal demand or complaint, the circumstances giving rise to it, and (if practicable) a bona fide estimate of any alleged loss (if applicable);
  - 5.3.2 the Appointed Directors of the Conducting Shareholder shall be entitled to take such action on behalf of the Company as they shall deem necessary to avoid, dispute, deny, defend, resist, appeal, compromise or contest such claim or liability in connection with the AA Dispute, and the Appointed Directors of the other Principal Shareholder shall recuse themselves from any discussions of decisions in such regard (whether or not so required by Laws), and the presence of such Appointed Directors of the other Principal Shareholder shall not be required for to constitute a quorum of the Board for such purposes; and
  - 5.3.3 the Group Companies shall allow the Conducting Shareholder to investigate the AA Dispute (including whether and to what extent any amount is or may be payable in respect thereof) and shall make available to the Conducting Shareholder all such information it may reasonably require.
- 5.4 \*\*
- 5.5 \*\*
- 5.6 \*\*
- 5.7 For the avoidance of doubt, nothing in Clause 5.2 or in any agreement between the Group and Sberbank (including its Affiliates) or any Financial Service Provider shall restrict any vendor or purchaser which uses the Group's marketplace or online retail store from:
- 5.7.1 using any payment card as a means of payment solely on the basis of the issuing bank of such card; or

- 5.7.2 using any payment or financial services available to such vendors or purchasers; or
- 5.7.3 borrowing money from any third party; or
- 5.7.4 using any other means of payment for acquisition of any goods or services.

**5.8 Principles of interaction in connection with the placement of the Advertising on the Company Resources**

- 5.8.1 Subject to Clauses 5.8.2 and 5.8.3, the Company Resources shall incorporate the YNV Advertising Code and the installation of the Advertising Code of any third-party Advertising Network or use of any other code, software or technology, either owned and/or provided by the third party and/or by the Company, resulting in the placement of Advertising from any third-party Advertising Network shall not be allowed.
- 5.8.2 (x) Advertising Code of any third-party Advertising Network may be installed on the Company Resources and/or (y) other code, software or technology, either owned and/or provided by any third party and/or by the Company, and resulting in the placement of Advertising from any third-party Advertising Network could be used only if all of the following conditions are met:
  - (i) the Group shall arrange for a tender procedure or any other procedure for solicitation of alternative proposals in respect of the Advertising Network no later than \*\* prior to the proposed start of integration with such Advertising Network;
  - (ii) YNV (or its Affiliate) shall be entitled to take part in such procedure on an equal footing with any third-party provider of the Advertising Network (each, a " **Third-Party Advertising Network Provider** ");
  - (iii) where a Third-Party Advertising Network Provider selected by the Company pursuant to such procedure offers commercial terms and conditions of cooperation that are more favourable to the Group than the terms and conditions of the Yandex Advertising Network, YNV (or its Affiliate) shall be entitled within \*\* from the date of such Third-Party Advertising Network Provider's offer to match such terms and conditions, in which case the Advertising will continue to be placed on the Company Resources through the Yandex Advertising Network;
  - (iv) if YNV (or its Affiliate) fails to match such terms and conditions:
    - (a) the engagement of the relevant Third-Party Advertising Network Provider for integration with the Advertising Network shall be subject to prior approval by the Board as a Board Reserved Matter; and
    - (b) no later than \*\* in advance of the relevant Board meeting, the CEO shall prepare and provide to the Board a memorandum setting out a detailed explanation of the rationale (including strategic considerations) for the Group for terminating cooperation with YNV and beginning cooperation with the third-party Advertising Network.
  - (v) if the Board approves engagement of the relevant Third-Party Advertising Network Provider for integration with the Advertising Network as a Board Reserved Matter pursuant to Clause 5.8.2(iv)(a), the relevant contract with

(or terms of engagement of) such Third-Party Advertising Network Provider shall provide that the Third-Party Advertising Network Provider shall not:

- (a) make any public announcements in relation to its engagement by the Group;
- (b) use the Group's name in its own advertising or promotion;
- (c) advertise or promote any of its products or services analogous to Yandex Services:
  - (I) to or among the Group's customers on the Group's properties; or
  - (II) to or among any users of the Company Resources that came to the Company Resources through any promotion channel contemplated by clause [ \* ] of the Technology Agreement (other than any such users who had visited the Company Resources at least once in the six-month period prior to their first visit of the Company Resources through such Promotion Channel).

5.8.3 Without prejudice to Clauses 5.8.1 and 5.8.2 above, the Company may, in order to improve the Company Services and/or the Company Resources, and in preparation for the procedures described in Clause 5.8.2 above, conduct experiments related to the installation of an Advertising Code of a third-party Advertising Network on the Company Resources (each, an " **AdvServices Experiment** "), provided all of the following conditions are satisfied:

- (i) the AdvServices Experiment will not account for more than \*\* of the monthly Traffic of the Company Resource and/or Resource element (and all such AdvServices Experiments running simultaneously in any calendar month may not account for more than \*\* of the monthly Traffic of the Company Resource and/or the Company Resource element);
- (ii) the duration of an AdvServices Experiment in respect of any Third-Party Advertising Network Provider will be limited, and, in any case, may not exceed \*\* in aggregate within a calendar year in respect of such Third-Party Advertising Network Provider; and
- (iii) the Company shall notify the Principal Shareholders of an AdvServices Experiment in advance, but, in any event, at least \*\* before the beginning of the AdvServices Experiment. Such notice shall include the identity of the Third-Party Advertising Network Provider and any other persons participating in the AdvServices Experiment (including when the Advertising Code is not owned by the Third-Party Advertising Network Provider).

**5.9 Principles of interaction in connection with the installation of Web Counters on the Company Resources**

5.9.1 The Yandex Web Counter (as defined in Clause 5.9.2(i)) shall be installed on the Company Resources. In addition to the Yandex Web Counter, the Company or its Subsidiaries may also install the Sberbank Web Counter (as defined in Clause 5.9.2(ii)) and/or the Company Web Counter (as defined in Clause 5.9.2(iii))

on the Company Resources. No other Web Counters may be installed on any Company Resources, except as otherwise provided for in Clause 5.9.3.

5.9.2 A Web Counter installed on the Company Resources shall meet the following criteria:

(i) In the case of the Web Counter of YNV and/or its Affiliates:

(a) such Web Counter shall not have access to the Sberbank Data; and

(b) such Web Counter (i) shall have been developed by YNV and/or its Affiliates independently and is not a version, a modification and/or other adaptation of any Web Counters owned by any third party (including Google and Facebook) or (ii) if developed by a third party, shall have been assigned or exclusively licensed to YNV and/or its Affiliates, subject to compliance with Clause 5.15

(the " **Yandex Web Counter** ");

(ii) In the case of the Web Counter of Sberbank and/or its Affiliates:

(a) such Web Counter shall not have access of the Yandex Data; and

(b) such Web Counter (i) shall have been developed by Sberbank and/or its Affiliates independently and is not a version, a modification and/or other adaptation of any Web Counters owned by any third party (including Google and Facebook), or (ii) if developed by a third party, shall have been assigned or exclusively licensed to Sberbank and/or its Affiliates, subject to compliance with Clause 5.15

(the " **Sberbank Web Counter** ");

(iii) In the case of the Company Web Counter:

(a) such Web Counter shall not have access to the Yandex Data or the Sberbank Data; and

(b) such Web Counter (i) shall have been developed by the Company and/or its Subsidiaries independently and is not a version, a modification and/or other adaptation of any Web Counters owned by third parties (including Google and Facebook), or (ii) if developed by a third party, shall have been assigned or exclusively licensed to the Company and/or its Subsidiaries, subject to compliance with Clause 5.15

(the " **Company Web Counter** ").

5.9.3 Notwithstanding Clauses 5.9.1 and 5.9.2 above and subject to Clause 5.9.4 below, a third-party Web Counter may be installed on the Company Resources, in the following cases:

(i) in case of a Permitted Web Counter, on a mobile application if such mobile application constitutes a Company Resource, provided that in addition to such Web Counter, the Yandex Web Counter shall also be installed on such mobile application. In addition to the Yandex Web Counter, the Sberbank Web Counter may also be installed on such Company Resource;

- (ii) in case of a Permitted Web Counter, in the event the placement of such Web Counter is required for the monitoring of the efficiency of the Company Advertising placement, provided that such Web Counter will not have access to the Yandex Data or the Sberbank Data, and will be placed (used) solely on the page (section) of the Company Service and/or Company Resource, to which the Internet users are redirected when interacting with the Company Advertising;
- (iii) in the event the placement of a third-party Web Counter is effected for the purposes of an experiment conducted by the Company on the Company Resources and/or Company Services, provided that all of the following conditions are satisfied:
  - (a) such experiment shall not account for more than \*\* of the monthly Traffic and/or audience of the Company Resource and/or Company Resource element (and all such experiments running simultaneously in any calendar month may not account for more \*\* of the monthly Traffic and/or audience of the Company Resource and/or the Company Resource element);
  - (b) the duration of an experiment in respect of such third-party Web Counter will be limited, and, in any case, may not exceed any \*\* in aggregate within a calendar year in respect of such third party Web Counter; and
  - (c) the Company shall notify the Principal Shareholders of an experiment in advance, but, in any event, not less than \*\* before the beginning of the experiment. It being understood that such notification shall include the identity of the third party that owns the relevant Web Counter.

5.9.4 For the purposes of Clause 5.9.3, a " **Permitted Web Counter** " means any Web Counter owned by Facebook or Google. The list of Permitted Web Counters may be amended based on a reasoned request of a Principal Shareholder or the Company in accordance with the following procedure:

- (i) any amendment to the list of the Permitted Web Counters shall be subject to prior approval by the Board as a Board Reserved Matter; and
- (ii) no later than \*\* in advance of the relevant Board meeting, the Company or the relevant Principal Shareholder shall prepare and provide to the Board a reasoned request setting out a detailed explanation of the rationale (including strategic considerations) for the proposed amendment of the list of the Permitted Web Counters.

**5.10 Principles for the Distribution of the Company Advertising**

5.10.1 The Company may from time to time place Company Advertising using the Promotion Channels owned and/or provided by any third party (a " **Third-Party Promotion Channels Provider** "), provided that the Parties shall ensure that the following procedure is complied with (other than in case of any advertising services as placed with Third-Party Promotion Channels Providers as of the date of this Agreement):

- (i) the Company shall notify the Principal Shareholders of its intention to place Company Advertising using new Third-Party Promotion Channels Provider and the relevant terms of the Third-Party Promotion Channels Provider offer;
- (ii) YNV (or its Affiliate) shall be entitled to provide its offer in respect of placing such Company Advertising. In case a Promotion Channel could not be provided to the Company by YNV (or its Affiliate) other than in an agent capacity or through an advertising reseller, Sberbank (or its Affiliate), including in an agent capacity or through an advertising reseller, shall also be entitled to provide its offer in respect of placement of the Company Advertising through such Promotion Channel; and
- (iii) within \*\* from the date of the Company's written notice pursuant to Clause 5.10.1(i), YNV (or its Affiliate) shall be entitled to match an offer of a Third-Party Promotion Channels Provider or of Sberbank (if allowed pursuant to Clause 5.10.1(ii)) in respect of the relevant Promotion Channel(s), whichever offer is selected pursuant to a tender procedure or any other procedure for solicitation of alternative proposals in respect of the relevant Promotion Channel(s), provided the matching offer of YNV (or its Affiliate) is "equivalent" to the offer of a Third-Party Promotion Channels Provider or Sberbank (as the case may be), in which case the Company shall place such Company Advertising with YNV (or its Affiliate).

**5.10.2** The Parties shall separately agree on what constitutes an "equivalent" matching offer for the purposes of Clause 5.10.1(iii), having regard to, among other things, the audience of the relevant Company Advertising, (if applicable) CTR and costs.

**5.10.3** In case YNV (or its Affiliate) fails to match the offer, the relevant contract entered into by the Company with (or terms of engagement of) the Third-Party Promotion Channels Provider shall provide that the Third-Party Promotion Channels Provider shall not:

- (i) make any public announcements in relation to the provision of any services to the Group;
- (ii) use the Group's name in its own advertising or promotion, other than to advertise or promote specific products and/or services provided to the Group by such Third-Party Promotion Channels Provider;
- (iii) advertise or promote any of its products or services analogous to Yandex Services:
  - (a) to or among the Group's customers on the Group's properties; or
  - (b) to or among the users of the Company Resources, which came to the Company Resources through any promotion channel contemplated by clause [ • ] of the Technology Agreement (other than any such users who had visited the Company Resources at least once in the six-month period prior to their first visit of the Company Resources through such Promotion Channel).

**5.11 Principles of interaction in connection with the use of Logins in the Company Services and the Company Resources**



- 5.11.1 In providing the Company Services, the Company, and its Subsidiaries shall use the Login infrastructure of YNV (and/or its Affiliates) ("Яндекс.Паспорт" or another Login infrastructure of YNV (and/or its Affiliates), which may be developed in the future), where the set of authorization methods and options are determined by YNV (and/or its Affiliates).
- 5.11.2 In the event the Company decides to use another Login infrastructure instead of the Login infrastructure of YNV (and/or its Affiliates), in providing the Company Services as described in Clause 5.11.1, the Company and its Subsidiaries (i) shall use the Logins of Sberbank and the Logins of YNV (and/or its Affiliates) or (ii) may use the Logins of third parties (other than any Restricted Party, unless the Principal Shareholders agree otherwise) and/or the Logins of the Company. If the Logins of Sberbank, the Logins of the Company, and/or the Logins of such third parties are so used, the Company shall ensure "end-to-end identification" between such Logins and the principal Login of YNV (and/or its Affiliates), or otherwise ensure the link between such Logins and the Login of YNV (and/or its Affiliates), which is compatible with, and accounts for, the Login infrastructure of YNV (and/or its Affiliates). The Parties acknowledge and agree that YNV may refuse "end-to-end identification" or other link between the Login of YNV (and/or its Affiliates) and any other Login (including the Logins of Sberbank) in case such actions require unreasonable development costs or may jeopardize information security of the Yandex Services, in which case the Login infrastructure of YNV (and/or its Affiliates) shall be used according to Clause 5.11.1.

**5.12 Principles of cooperation in connection with the Yandex Promotion and the Sberbank Promotion**

- 5.12.1 The Company shall carry out the Yandex Promotion and the Sberbank Promotion by means and on the terms to be determined in the relevant contracts between the Company and YNV (or its Affiliate) and between the Company and Sberbank (or its Affiliate) respectively.
- 5.12.2 Without prejudice to Clause 5.12.1 above, the Company and its respective Subsidiaries shall place on each page and/or in each element of the Company Services and/or the Company Resources, a clickable link(s) directing the users, partners and/or customers of the Company Services to the Yandex Resource(s) (at YNV's choice) and the Sberbank Resource(s) (at Sberbank's choice) (each, a " **Link** ").
- 5.12.3 Notwithstanding the foregoing, the placement of each Link shall be carried out subject to design and product policy requirements of the Company and/or content of the respective Company Service and/or Company Resource. If the Company concludes in good faith that the proposed placement of a Link does not comply with such requirements, the Company is entitled to refuse the placement of such Link.

**5.13 Principles of cooperation in connection with Loyalty Programs**

- 5.13.1 The Company shall participate in the Yandex Loyalty Program on the terms and conditions to be determined in an agreement between the Company and YNV (or its relevant Affiliate) based on the following principle: the terms and conditions for participation of the Company in the Yandex Loyalty Program (including in respect of the availability and amount of reimbursement of the Company's costs for

participation in the Yandex Loyalty Program) will be analogous to the terms of participation of other Yandex Services in the Yandex Loyalty Program.

5.13.2 The Company shall participate in the Sberbank Loyalty Program on the terms and conditions to be determined in an agreement between Sberbank (or its relevant Affiliate) and the Company.

**5.14 Promotion Ancillary Agreements**

The Principal Shareholders and the Company shall procure that the following agreements are entered into as soon as practicable following the date of this Agreement (unless entered into before that):

5.14.1 agreement(s) in respect of promotion of Yandex by the Group; and

5.14.2 agreement(s) in respect of promotion of Sberbank by the Group.

**5.15 Data**

In connection with the placement of the Advertising on the Company Resources and further development of the Company Services, the Company shall not:

5.15.1 sell or otherwise transfer any Yandex Data or Sberbank Data received by the Company to any third party;

5.15.2 sell or otherwise offer any services which will be based on or will use any Yandex Data or Sberbank Data; and

5.15.3 sell or otherwise transfer the Company Data to any third party, save for YNV or Sberbank (or their respective Affiliates), subject to compliance with the rules provided for in the respective Data Sharing Agreement, and subject to Clause 5.10 above.

**6 Budgets, Business Plans and financial information**

**6.1 Accounting principles**

The Shareholders agree that the Company shall initially prepare its and the Group's consolidated financial statements in accordance with US GAAP, although the accounting principles in accordance with which the Company prepares such financial statements may be changed by the Board from time to time, provided that, unless required by Law, the Board shall not implement any change to the accounting principles which may prejudice the ability of the Company to implement an IPO or a Qualified IPO.

**6.2 Information**

6.2.1 The Shareholders agree that the Company shall prepare and shall submit to the Principal Shareholders:

(i) annual audited consolidated accounts of the Group prepared in accordance with US GAAP, confirmed by the Auditor – \*\*;

(ii) annual audited consolidated accounts of the Group (consisting solely of consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, without notes thereto, information on operations with related parties), all in the format

provided by Sberbank (and taking into consideration the materiality threshold of the Sberbank's group) prepared in accordance with IFRS with:

(a) preliminary draft accounts (consisting of consolidated statement of financial position, consolidated statement of comprehensive income, and consolidated statement of changes in equity, without notes thereto, and excluding information on operations with related parties) \*\*, and

(b) audited and confirmed by Auditor accounts – \*\*.

It is understood and agreed that the audit of the annual consolidated accounts of the Group shall be performed by Auditors acting as a component auditor under Sberbank auditor's referral instructions. Referral instructions will be pre-agreed by the Auditors and the component auditor in due course;

(iii) quarterly consolidated accounts of the Group prepared in accordance with US GAAP, including a statement of income, balance sheet and statement of cashflow, each reviewed by the Auditors and confirmed by the Auditor – within \*\* of the end of the calendar quarter to which they relate;

(iv) quarterly consolidated accounts of the Group (consisting solely of consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, without notes thereto, information on operations with related parties), all in the format provided by Sberbank, (and taking into consideration the materiality threshold of the Sberbank's group) prepared in accordance with IFRS, reviewed and confirmed by the Auditors – \*\* of the end of the calendar quarter to which they relate, save for the first and second calendar quarters of 2018 for which the quarterly consolidated accounts of the Group shall be reviewed and confirmed by Auditors \*\* of the end of the respective quarter. It is understood and agreed that the review of the quarterly consolidated accounts of the Group shall be performed by Auditors acting as a component auditor under Sberbank auditor's referral instructions. Referral instructions will be pre-agreed by the Auditors and the component auditor in due course;

(v) a quarterly report on the consolidated financial and trading position and affairs of the Group (consisting solely of a statement of income), including performance against the Business Plan and Budget prepared by the CEO in the form to be determined by the Board – \*\* of the end of each calendar quarter;

(vi) monthly unaudited consolidated management accounts of the Group (prepared in accordance with IFRS) in the format pre-agreed by the Principal Shareholders by Closing – \*\* of the end of each month (starting from the month ending on 31 March 2018);

(vii) a copy of all financial statements and accounts that are required by Laws to be prepared by any Group Company for statutory or Taxation purposes – at the same time when they are due to be filed with the relevant governmental or Tax Authorities; and

(viii) such other information relating to the Business or financial condition of the Company or of any Group Company as any Principal Shareholder may

reasonably require to enable it and/or its Affiliates to comply with applicable Laws, requests from governmental or regulatory bodies to which it is subject, Tax and reporting and information requirements – within a reasonable period of time following such request for the information.

- 6.2.2 The Shareholders agree that the Company shall engage a Big Four Firm to prepare an appraisal for the purposes of purchase price allocation (PPA) for the subsequent use for the purposes of preparation of the reports listed in Clause 6.2.1. The timing and scope of work for such appraisal shall be agreed by the Shareholders promptly following Closing.
- 6.2.3 Sberbank shall compensate to the Company the IFRS Costs, provided that if the Company adopts the IFRS as its primary financial reporting standards in respect of consolidated accounts of the Company and its subsidiaries (other than solely for statutory reporting purposes) Sberbank shall no longer compensate any future IFRS Costs to the Company.
- 6.2.4 The Company shall at all times procure that the Group provides each Principal Shareholder with the same information in respect of the affairs of the Group as provided by the Group to the other Principal Shareholder (other than, for the avoidance of doubt, information provided pursuant to terms of any Ancillary Agreement).
- 6.2.5 Without limiting the generality of Clause 6.2.3 and in addition to the rights set out in Clause 15.2 relating to the provision of information to the Board, a Principal Shareholder (the " **Requesting Shareholder** ") acting through its Appointed Director may, at its own expense, at all reasonable times and after giving reasonable notice to the Company and the other Principal Shareholder (who, at its own expense, shall be provided by the Group with the same information as the Requesting Shareholder):
- (i) discuss the affairs, finances and accounts of the Group with the Management Team;
  - (ii) inspect and make copies of all books, records, accounts and documents relating to the Business and the affairs of the Group; and
  - (iii) provide a certificate signed by the CEO of the Principal Shareholder to require that the books and records of any Group Company be audited up to once per calendar year by a Big Four Firm auditor (other than the Auditor) appointed by such Principal Shareholder (such auditor being bound by customary confidentiality obligations). The Parties shall procure that each Group Company provides such cooperation as is reasonably sought by any such auditor in performing such audit.

**6.3 Approval of Subsequent Business Plans and Budgets**

- 6.3.1 The Parties shall procure that, no later than \*\* of each Financial Year (starting from 2018), the CEO prepares:
- (i) a Subsequent Business Plan for the period of the \*\*; and
  - (ii) a Budget for the Group for the \*\*, and submits them to the Board for approval. The Board shall have \*\* from the date it receives such Subsequent Business Plan and such Budget to decide whether or

not to approve each of them, subject to such amendments as the Board agrees to be appropriate. In the event that the Board rejects any such Subsequent Business Plan and/or the Budget, the CEO shall have a further period of \*\* to submit a revised Subsequent Business Plan and/or a revised Budget. The Board shall have a further period of \*\* from the date it receives such revised Subsequent Business Plan and/or such revised Budget to decide whether or not to approve it, subject to such amendments as the Board agrees to be appropriate.

6.3.2 The Parties shall procure that each Subsequent Business Plan (based on the amounts prepared under IFRS or in a form comparable with the relevant IFRS Accounts) shall include the following in relation to each of the relevant Financial Years: \*\*

6.3.3 The Parties shall procure that each Budget (based on the amounts prepared under IFRS or in a form comparable with the relevant IFRS Accounts) shall include the following in relation to the relevant Financial Year: \*\*

The Shareholders agree that the Company shall prepare and shall submit for each Board meeting (but no more than once a quarter) an updated forecast of the selected line items of the Budget based on the actual performance of the Group.

6.3.4 If in any Financial Year:

- (i) a Subsequent Business Plan is not approved, the expenditures section of the last approved Business Plan for the relevant upcoming Financial Year shall apply, save that each relevant item of expenditure shall be increased by no more than \*\*, unless and until the new Subsequent Business Plan is approved; and/or
- (ii) a Budget is not approved, the expenditures section of the previous Financial Year Budget shall continue to apply, save that each relevant item of expenditure shall be increased by no more than \*\*, unless and until the new Budget is approved.

**PART D – MANAGEMENT AND CONTROL**

**7 Powers and duties of the Board of Directors**

7.1 The Board shall be responsible for the supervision and overall management of the Business of the Group:

7.1.1 in accordance with the Business Plan and Budget; and

7.1.2 in the interests of the Shareholders collectively so as to maximise the Group's equity value, without regard to the individual interests of any of the Shareholders.

7.2 The Board shall be responsible for deciding all matters in relation to the Business of the Group other than any Shareholder Reserved Matters.

7.3 The Board shall review all the information which the Management Team provides it in accordance with Clause 15.2 and shall ensure that the Management Team competently fulfil their duties in accordance with Clause 15.1.

**8 Board Reserved Matters**

8.1 Subject to the provisions of Clauses 24 and 25.2.2, the Shareholders shall procure so far as they lawfully can that no action is taken or resolution passed by the Company or any Group Company, and the Company shall not take, and shall procure that no Group Company shall take, any action in respect of those matters set out in Schedule 3 (the "Board Reserved Matters") without the prior written approval of:

8.1.1 (unless Sberbank [Nominee] is a Transferring Shareholder and Clause 25.2.2 applies) for so long as Sberbank (together with its Affiliates) holds:

(i) \*\* in the share capital of the Company or more, at least two Sberbank Directors; and

(ii) less than \*\*, but more than \*\* in the share capital of the Company, at least one Sberbank Director; and

8.1.2 (unless YNV is a Transferring Shareholder and Clause 25.2.2 applies) for so long as YNV (together with its Affiliates) holds:

(i) \*\* in the share capital of the Company or more, at least two YNV Directors; and

(ii) less than \*\*, but more than \*\* in the share capital of the Company, at least one YNV Director,

(the "Board Super Majority").

8.2 Once the Board has passed a resolution in relation to a Board Reserved Matter, the matter shall be referred to the Company or relevant Group Company (as the case may be) for implementation.

8.3 A series of related transactions shall be construed as a single transaction, and any amounts involved in the related transactions shall be aggregated, to determine whether a matter is a Board Reserved Matter.

**9 Appointment of Directors**

**9.1 Number and identity of appointees**

9.1.1 Unless the Principal Shareholders agree otherwise in writing, the Board shall comprise seven Directors.

9.1.2 Subject to Clause 10.3:

- (i) Sberbank [Nominee] shall appoint, for so long as Sberbank (together with its Affiliates) holds:
  - (a) no less than \*\* in the share capital of the Company or more:
    - (I) one Director who is an Independent Director (the " **Sberbank Independent Director** "); and
    - (II) two Directors who do not need to be Independent Directors (the " **Sberbank Directors** ");
  - (b) less than \*\*, but no less than \*\* in the share capital of the Company, the Sberbank Independent Director and one Sberbank Director; and
  - (c) less than \*\*, but no less than \*\* in the share capital of the Company, the Sberbank Independent Director;
  - (d) less than \*\*, but no less than \*\* in the share capital of the Company, one representative to attend all meetings of the Board in a nonvoting observer capacity. The Company shall give such observer copies of all notices, minutes, consents, and other materials that it provides to the Directors at the same time and in the same manner as provided to the Directors; provided, however, that such observer shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further that the Company reserves the right (subject to a decision of a simple majority of Directors) to withhold any information and to exclude such observer from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such observer is or becomes engaged (whether as a shareholder, employee or director) or interested in any business which is of the same type as the Core Business (other than any passive shareholding of not more than \*\* of the outstanding shares of any company);
- (ii) YNV shall appoint, for so long as YNV (together with its Affiliates) holds:
  - (a) no less than \*\* in the share capital of the Company or more:
    - (I) one Director who is an Independent Director (the " **YNV Independent Director** "); and
    - (II) two Directors who do not need to be Independent Directors (the " **YNV Directors** ");
  - (b) less than \*\*, but no less than \*\* in the share capital of the Company, the YNV Independent Director and one YNV Director; and

- (c) less than \*\*, but no less than \*\* in the share capital of the Company, the YNV Independent Director;
  - (d) less than \*\*, but no less than \*\* in the share capital of the Company, one representative to attend all meetings of the Board in a nonvoting observer capacity. The Company shall give such observer copies of all notices, minutes, consents, and other materials that it provides to the Directors at the same time and in the same manner as provided to the Directors; provided, however, that such observer shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further that the Company reserves the right (subject to a decision of a simple majority of Directors) to withhold any information and to exclude such observer from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such observer is or becomes engaged (whether as a shareholder, employee or director) or interested in any business which is of the same type as the Core Business (other than any passive shareholding of not more than \*\* of the outstanding shares of any company);
- (iii) subject to Clause 9.1.2(iv), the Principal Shareholders shall procure that the CEO (as may change from time to time) shall always be appointed as a Director until completion of the Private Placement;
  - (iv) following completion of the Private Placement:
    - (a) the CEO shall resign and be removed from his position of Director; and
    - (b) the Additional Investor shall appoint one Director.
- 9.1.3 From the date of this Agreement, the Board shall consist of:
- (i) Sberbank Directors: \*\* and [ • ];
  - (ii) Sberbank Independent Director: [ • ];
  - (iii) YNV Directors: [ • ] and [ • ];
  - (iv) YNV Independent Director: [ • ];
  - (v) \*\*.

**9.2 Competency of proposed Directors. Appointment Disputes**

- 9.2.1 Where a Principal Shareholder (or the Additional Investor) is entitled to appoint a new Director in accordance with this Agreement or the Articles it shall:
- (i) take reasonable steps to ensure that its appointee is able to perform his/her duties competently; and
  - (ii) at least \*\* prior to the intended date of an appointment, (to the extent reasonably practicable) notify the other (or each) Principal Shareholder (and the Additional Investor, if applicable) of the name, qualifications, experience



and intended date of appointment of the person it intends to appoint as a Director (except in the case of the first Directors named in Clause 9.1.3).

- 9.2.2 Any appointment of an Appointed Director by a Principal Shareholder (the " **Appointing Shareholder** ") (except in the case of the first Directors named in Clause 9.1.3) shall be subject to prior consent of the other Principal Shareholder (the " **Consenting Shareholder** "). If the Consenting Shareholder:
- (i) elects not to give its consent in respect of such appointment, the Consenting Shareholder shall, within \*\* following receipt of the notice under Clause 9.2.1(ii), send a notice signed by its Chief Executive Officer [(or in case where Sberbank Nominee is the Consenting Shareholder, the Chief Executive Officer of Sberbank)] to the Chief Executive Officer of the Appointing Shareholder [(or in case where Sberbank Nominee is the Appointing Shareholder, the Chief Executive Officer of Sberbank)] setting out the reasons why consent in respect of such appointment is not given (the " **CEO Notice** "); or
  - (ii) does not send the CEO Notice within \*\* following receipt of the notice under Clause 9.2.1(ii), it shall be deemed to have consented to the appointment of the relevant Appointed Director.
- 9.2.3 If the Consenting Shareholder sends a CEO Notice under Clause 9.2.2(i), the Principal Shareholders shall, as soon as practicable following the date of the CEO Notice, refer the relevant dispute in respect of appointment of the Appointed Director (the " **Appointment Dispute** ") to the Chief Executive Officers of the Principals.
- 9.2.4 If the Chief Executive Officers of the Principals are unable to reach agreement on the Appointment Dispute within \*\* of it being referred to them, the Appointing Shareholder shall send a notice to the Consenting Shareholder setting out the names of three alternative candidates to the position of an Appointed Director, including their qualifications, experience and intended date of appointment. If the Consenting Shareholder:
- (i) notifies the Appointing Shareholder of its choice in favour of one of the three candidates within \*\* following the date of such notice from the Appointing Shareholder, the relevant chosen candidate shall be appointed as the Appointed Director; or
  - (ii) does not notify the Appointing Shareholder of its choice in favour of any of the candidates within \*\* following the date of such notice from the Appointing Shareholder, the Appointing Shareholder shall be free (by sending a notice to the Consenting Shareholder and the Company) to appoint any of the relevant three candidates as the Appointed Director,
- and, in each case, the relevant Appointment Dispute shall be deemed to have been resolved.

**9.3 Other directorships. Conflict of interest**

Each Director shall declare himself/herself free from any conflict of interests relevant in his/her capacity as a Director and shall disclose to the Board information on any his/her engagement (whether as a shareholder, director, employee or otherwise) or Interest in any business which is of the same type as the Core Business:

- 9.3.1 upon his/her appointment as a Director, in the case of any such engagement or Interest held at the time of appointment; or
- 9.3.2 as soon as reasonably practicable, but in any event no later than at the next Board meeting, in the case of any new engagement or Interest during their period of service with the Company.

**10 Replacement and removal of Directors**

- 10.1 A Director may be removed as a director of the Company at any time:
  - 10.1.1 subject to Clause 10.3, by notice in writing to the Company by the Principal Shareholder or the Additional Investor (as the case may be) who appointed him/her;
  - 10.1.2 by notice in writing to the Company by any Principal Shareholder where such Director is an Unsuitable Director; or
  - 10.1.3 subject to Clause 10.3, if he/she becomes engaged (whether as a shareholder, director, employee or otherwise) or interested in any business which is of the same type as, or substantially similar to, the Core Business (other than any passive shareholding of not more than three per cent. of the outstanding shares of any company), by a simple majority of the Board upon a request from any Principal Shareholder, and the Principal Shareholder (or the Additional Investor, as applicable) that appointed such Director shall promptly remove such Director from his/her position and shall promptly appoint another Director in his/her place in accordance with Clause 9 and the Articles.
- 10.2 A Principal Shareholder (or the Additional Investor, as applicable) whose appointee has either been removed or has resigned as a Director shall fully indemnify and hold harmless the other Shareholders and the Group against all Losses incurred by the other Shareholders and/or the Group in respect of any claim made as a result of the removal or resignation of the Director.
- 10.3 Subject to Clause 10.1.2, no Director (whose name is set out in Clause 9.1.3) may be removed or replaced, prior to the earlier of:
  - 10.3.1 the \*\* anniversary of Closing; or
  - 10.3.2 the date which is \*\* from completion of a Private Placement,unless:
  - 10.3.3 the Principal Shareholders agree otherwise;
  - 10.3.4 in the event of such Director's death or incapacity; or
  - 10.3.5 in the case of the CEO:
    - (i) where the CEO has been replaced in accordance with this Agreement (and a new CEO is to be appointed as a Director under Clause 9.1.2(ii)(d)); or
    - (ii) the Additional Investor becomes entitled to appoint a Director under Clause 9.1.2(iv)(b).

**11 Chair**

- 11.1** The Chair shall chair all meetings of the Board at which he/she is present but shall not have a casting vote. The Chair shall ensure that all relevant papers for any Board meeting are properly circulated in advance and that all such Board meetings are quorate.
- 11.2** The Board shall decide by majority vote who shall act as Chair.
- 11.3** Board meetings shall be chaired by the Chair if he/she is present. If the Chair is not present at any Board meeting, the Directors present may appoint any one of their number to act as Chair for the purpose of the meeting.

**12 Director remuneration**

Any Director who incurs expenses in fulfilling their duties as a Director shall be entitled to have such reasonable expenses reimbursed by the Company. Otherwise (but without prejudice to any remuneration payable to a Director in respect of executive duties carried out under any separate service agreement with the Group) the Directors (other than Independent Directors) shall not be entitled to receive any remuneration by way of salary, commission, fees or otherwise in relation to the performance of their duties as Directors. The remuneration of the Independent Directors shall be subject to decision of the Principal Shareholders.

**13 Board meetings**

**13.1 Frequency**

The Board shall decide how often Board meetings shall take place provided that:

- 13.1.1** they are held at least \*\* unless the Board Super Majority agrees otherwise; and
- 13.1.2** any Director or the CEO may convene a Board meeting on notice in accordance with Clause 13.3.1.

**13.2 Place**

- 13.2.1** All Board meetings shall be held in Amsterdam, unless the majority of Directors agree otherwise, taking into account the respective Tax considerations of the Group and each of the Principal Shareholders and their Affiliates.
- 13.2.2** Any one or more Directors may participate in and vote at meetings of the Board through the medium of telephone conference or a similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout the meeting and the meeting is initiated in the Netherlands. A Director so participating shall be deemed to be present in person at the meeting and shall be counted in the quorum. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chair is present.
- 13.2.3** In the case of a Board action by written circular resolution, any Director may vote by returning such circular resolution, duly completed and signed, to such person as is designated by the Chair within \*\* from the date on which such circular resolution is distributed. A circular resolution shall be considered duly taken in respect of any resolution if Directors representing a quorum exercise their vote (whether in favour,

against or by way of abstention) in respect of such resolution in a written resolution duly completed and returned in accordance with this Clause 13.2.3.

**13.3 Notice/agenda**

- 13.3.1 \*\* notice by email or courier shall be given to each of the Directors of all Board meetings, except where a Board meeting is adjourned under Clause 13.4 or where a Board Super Majority agree to a shorter notice period and all the Directors are notified of the shorter notice period.
- 13.3.2 \*\* of the date of such notice, any Shareholder or Director may propose an item for inclusion in the agenda together with a related resolution to be proposed at such Board meeting.
- 13.3.3 \*\* before a meeting, a reasonably detailed agenda shall be sent to each of the Directors by email or courier which shall:
  - (i) specify whether any Board Reserved Matters are to be considered; and
  - (ii) be accompanied by any relevant papers.
- 13.3.4 Each Principal Shareholder (or the Additional Investor, as applicable) shall use its reasonable endeavours to ensure that at least one Director appointed by it attends each Board meeting.
- 13.3.5 Any Director may invite a member of the Management Team to attend a meeting of the Board unless such meeting is to discuss any such person's remuneration, appraisal or performance.

**13.4 Quorum**

- 13.4.1 Without prejudice to Clause 8 and subject to Clauses 5.3.2 and 25.2.2, the quorum at a Board meeting shall be four Directors, including:
  - (i) (unless Sberbank [Nominee] is a Transferring Shareholder and Clause 25.2.2 applies) for so long as Sberbank (together with its Affiliates) holds at least 11.25 per cent. of the share capital of the Company, at least one Sberbank Director, and
  - (ii) (unless YNV is a Transferring Shareholder and Clause 25.2.2 applies) for so long as YNV (together with its Affiliates) holds at least 11.25 per cent. of the share capital of the Company, at least one YNV Director.
- 13.4.2 If a quorum is not present within half an hour of the time appointed for the meeting or if a quorum ceases to be present during the course of the meeting, the Director(s) present shall adjourn the Board meeting to a specified place and time not less than \*\* after the original date, where the quorum shall be any four Directors (for the avoidance of doubt, without prejudice to Clause 8).
- 13.4.3 Notice of the adjourned Board meeting shall be given to all of the Directors.

**13.5 Voting. Resolutions. Minutes**

- 13.5.1 Subject to the other provisions of this Agreement (including Clause 8.1):
  - (i) at any Board meeting each Director shall have one vote, save for, for the whole duration of an Appointment Dispute, the Appointed Director(s) of the

Appointing Shareholder shall always have the same number of votes as all Appointed Directors of the Consenting Shareholder; and

(ii) decisions at Board meetings shall be taken by a simple majority of the votes of all Directors.

13.5.2 Minutes of each Board meeting and copies of all resolutions of the Board shall be circulated to each Director. Simultaneous notes of any meeting of the Board shall be made by a person present at such meeting designated by the Chair.

#### 14 Committees of Directors

14.1 Any Board committee shall always be constituted by the Board on the following basis:

14.1.1 for so long as a Principal Shareholder (together with its Affiliates) holds at least \*\* of the share capital of the Company, it shall be entitled to appoint at least one member to each Board committee; and

14.1.2 for so long as YNV (together with its Affiliates) holds at least \*\* of the share capital of the Company, YNV shall be entitled to appoint a majority of members to each of the Board committees.

14.2 The Principal Shareholders shall procure that the Board shall constitute the Compensation Committee as soon as practicable following the date of this Agreement consisting of the following members:

14.2.1 \*\*;

14.2.2 [ • ]; and

14.2.3 [ • ].

14.3 For so long as a Principal Shareholder (together with its Affiliates) holds at least \*\* of the share capital of the Company, the quorum for the Compensation Committee meeting shall include at least one member appointed by such Principal Shareholder.

14.4 Decisions of the Compensation Committee shall be taken by a simple majority, provided that if a Sberbank [Nominee] member does not vote in favour of any decision of the Compensation Committee, the relevant matter shall be decided by the Board and the Principal Shareholders shall procure that no Group Company shall take any action in respect of such matter until the relevant Board decision.

#### 15 Management Team. Corporate secretary

##### 15.1 Authority and accountability of the Management Team

The day-to-day affairs of the Group, including relevant business and operational matters, shall be run by the Management Team under the supervision of the Board:

15.1.1 in accordance with the Business Plan and Budget; and

15.1.2 subject to applicable Law, in the interests of the Shareholders collectively so as to maximise the Group's equity value, without regard to the individual interests of any of the Shareholders, provided that the Management Team shall not take any decision in relation to (a) any of the Shareholder Reserved Matters without the prior approval of both Principal Shareholders and

(b) any of the Board Reserved Matters without the prior approval of a Board Super Majority. For the avoidance of doubt (and without prejudice to Clause 6), the Management Team shall only report to, and take direction from, the Board (acting collectively as the Board) and not either Principal Shareholder directly or any individual member of the Board.

**15.2 CEO to provide information to the Board**

The CEO shall provide information to the members of the Board on an equal and timely basis and shall not separately disclose information relating to the Business to any Shareholder or any Affiliate of a Shareholder or any other person unless required by the Laws and then only after informing the Board and the Shareholders (unless legally prohibited from doing so) of the requirement to make such disclosure.

**15.3 Pre-Agreed Deputies**

As soon as reasonably practicable following the date of this Agreement (and following any removal of any of the CEO and CFO), the Principal Shareholders shall agree on the Pre-Agreed Deputies for each of the CEO and CFO.

**15.4 Corporate secretary**

The Board may delegate certain authorities in relation to operation of the day to day affairs of the Company to a corporate secretary of the Company (save for any Board Reserved Matter).

**15.5 Conflicts of interest policy**

The Principal Shareholders shall instruct their respective Appointed Directors to consider the adoption by the Board of a policy setting out conflict of interest and non-competition rules applicable to officers of the Group Companies.

**16 Meetings of Shareholders**

General meetings of Shareholders ( *algemene vergadering van aandeelhouders* ) of the Company shall be held at least once per calendar year and shall take place in accordance with the applicable provisions of the Articles, including the following provisions:

**16.1** the quorum shall be one duly authorised representative of each Principal Shareholder;

**16.2** each Principal Shareholder shall be notified at least \*\* in advance of the time, date and place for the meeting;

**16.3** the notice of meeting shall set out an agenda identifying in reasonable detail the matters to be discussed;

**16.4** the chairman of the meeting shall not have a casting vote; and

**16.5** meetings may be held by video, teleconference and other electronic conferencing means and the persons convening the meetings shall use reasonable endeavours to ensure they are held at locations reasonably convenient for all Principal Shareholders.

**17 Shareholder Reserved Matters**

**17.1** Shareholders meetings shall be governed by this Agreement, the Articles and the Laws.

**17.2** Subject to Clause 25.2.2, the Shareholders shall procure, as far as they lawfully can, that no action is taken or resolution passed by the Company or any Group Company, and the

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

Company shall not take, and shall procure that no Group Company shall take, any action, in each case, in respect of the matters listed in Schedule 4 (" **Shareholder Reserved Matters** "), without the prior written approval of all the Principal Shareholders.

**PART E – PRIVATE PLACEMENT**

**18 Private Placement**

- 18.1** The Parties shall use their commercially reasonable efforts to procure that by the date which is \*\* following Closing (or such later date as the Board may unanimously agree) (the " **Realisation Date** "), a third party (the " **Additional Investor** ") will have subscribed for a minority stake in the share capital of the Company (the " **Private Placement** ") subject to the following key terms and conditions of the Private Placement:
- 18.1.1 subscription for cash;
  - 18.1.2 pre-money valuation of the Group being not less than the post-money valuation of the Group immediately following Closing; and
  - 18.1.3 the Additional Investor shall adhere to the terms of this Agreement by executing the Deed of Adherence and shall have the following rights and obligations:
    - (i) shares to be issued to the Additional Investor shall have the same voting rights (other than in respect of appointment of Directors) and dividend rights as the Sberbank Shares and the YNV Shares; and
    - (ii) the Additional Investor shall be entitled to appoint one Director (in accordance with Clause 9.1.2(iv)(b)).
- 18.2** The Parties acknowledge that it is the Shareholders' and the Company's preference that the Additional Investor shall be a strategic investor, rather than a financial investor. The Parties further acknowledge that, in the \*\*, they shall use all commercially reasonable efforts to attract a strategic investor, rather than a financial investor, as the Additional Investor. In the event that a strategic investor does not subscribe for Shares within \*\*, then the Parties shall use their commercially reasonable efforts to attract a financial investor as the Additional Investor instead.
- 18.3** Within \*\*, the Principal Shareholders shall choose and engage (on behalf of the Company) such professional investment advisers as they consider appropriate in relation to achieving and completing the Private Placement, and the Parties further acknowledge and agree that the Company (and not the Shareholders) shall bear any and all costs of such advisers in such circumstances.



**PART F – MANAGEMENT INCENTIVES**

**19 Stichting matters**

**19.1 Issue of Stichting Shares**

The Parties agree that any further issue of any Shares to Stichting shall be subject to prior approval by the Principal Shareholders or the Board Super Majority, unless the Incentive Programme provides otherwise.

**19.2 Redemption of Stichting Shares**

The Board may at any time decide by a simple majority of votes that any portion of Stichting Shares held by Stichting in respect of which no DRs have been issued shall be redeemed (or cancelled) by the Company, in which case the Shareholders shall procure that all corporate decisions are taken in order to carry out such redemption (or cancellation).

**19.3 Incentive Programme**

Without prejudice to Clause 19.4, the Parties shall procure that:

19.3.1 the Group Companies shall comply with the Incentive Programme; and

19.3.2 no changes are made to the Incentive Programme without a prior written approval of both Principal Shareholders.

**19.4 Stichting obligations**

Stichting shall:

19.4.1 exercise voting rights in respect of any Stichting Share only following issue of a DR in respect of such underlying Stichting Share and:

(i) in case of any Stichting Shares underlying a DR that may:

(a) have been issued in accordance with the Subscription Agreement; or

(b) be issued under any \*\*,

or as otherwise expressly approved by the Board (as a Board Reserved Matter), at the direction of the holder of such DR; and

(ii) in case of any other Stichting Shares, in the same proportions as all other Shares are voted by the other Shareholders;

19.4.2 not issue any DRs without the prior written consent of the management board of Stichting, which shall be appointed by the Board;

19.4.3 not register any transfer of any DRs without the prior written consent of the Compensation Committee; and

19.4.4 take all such actions as may be required from time to time to give effect to this Agreement and the Incentive Programme.

**PART G – COMPANY FINANCE**

**20 Distributions**

**20.1** The declaration and payment of distributions to the Shareholders shall be decided by the Board in accordance with the Dividend Policy and subject to the requirements of the Laws.

**20.2** For the avoidance of doubt, no Stichting Share shall be entitled to receive any distribution payable to Shareholders unless a DR has been issued in respect thereof.

**21 Additional finance for the Company**

**21.1 Preemptive rights**

**21.1.1** Issues of Shares

- (i) Subject to Clause 26, any allotment of Shares proposed to be made by the Company and approved in accordance with this Agreement (such Shares being called “ **Additional Securities** ”) shall first be offered for subscription to the Principal Shareholders in the proportion that the number of Shares for the time being held by each Principal Shareholder bears to the total number of such Shares in issue held by both Principal Shareholders. Such offer shall be made by notice in writing specifying the number of Additional Securities to which the relevant Principal Shareholder is entitled and the subscription price per Share (the “ **Subscription Price** ”) and limiting a time (being not less than three weeks) beyond which the offer (if not accepted) shall be deemed to have been declined. Such offers are not transferable other than to an Affiliate of a Principal Shareholder (provided that, in case such Affiliate subscribes for any Additional Securities, Clause 22.3 shall apply *mutatis mutandis* ), cannot be split or consolidated and can be accepted in full or in part. A Principal Shareholder who accepts the offer in full shall be entitled to indicate that it would accept, on the same terms, the Additional Securities (specifying a maximum number of parcels) which have not been accepted by the other Principal Shareholder (“ **Excess Additional Securities** ”).
- (ii) A Principal Shareholder which does not accept the offer in respect of all or a portion of its respective portion of the Additional Securities shall be deemed to have waived its pre-emptive rights (as set out in this Agreement, in the Articles or otherwise) with respect to all or that portion of the Additional Securities set out in the offer which the Principal Shareholder did not accept.
- (iii) Any Excess Additional Securities shall be allotted to the Principal Shareholder who has indicated it would accept Excess Additional Securities (provided that no Principal Shareholder shall be allotted more than the maximum number of Excess Additional Securities such Principal Shareholder has indicated it is willing to accept).
- (iv) Clause 21.1.1(i) shall not apply to:
  - (a) any allotment of Additional Securities proposed to be made by the Company to an employee or proposed employee if such allotment is made pursuant to an agreement, plan or program which has been

approved by the Principal Shareholders or the Board Super Majority; or

- (b) any allotment of Additional Securities which are to be issued and allotted in connection with any merger, consolidation or amalgamation of the Company which has been approved by the Principal Shareholders.

**21.1.2** Failure to subscribe for Additional Securities

If a Principal Shareholder (or its Affiliate, as applicable) (the " **Non-contributing Shareholder** ") has accepted the offer to subscribe for Additional Securities pursuant to Clause 21.1.1(i) and thereafter fails to complete such subscription and to pay the relevant subscription amount (the " **Outstanding Amount** ") on the completion date set by the Company therefor, the other Principal Shareholder shall be entitled to:

(i) subscribe for its portion of Additional Securities at the Subscription Price; and

(ii) (in its sole discretion) elect to subscribe for up to the number of Shares calculated on the basis of the following formula: \*\*

- 21.1.3** In the event that any Principal Shareholder becomes precluded from subscribing for any Additional Securities pursuant to this Clause 21.1 as a result of any sanctions introduced after the date of this Agreement against the other Principal Shareholder, the Principal Shareholders shall enter into good faith discussions on available alternative solutions in respect of financing to be provided to the Group.

**21.2 Debt finance**

- 21.2.1** If at any time the Board determines that the Group needs additional debt finance, the Company shall invite Sberbank, in its absolute discretion, to make an offer to provide such finance and, provided such offer is on terms at least equivalent (taken as a whole) to the best terms offered by any third party lenders, the Group shall procure such debt finance from Sberbank.

- 21.2.2** The Parties agree that, subject to Clause 21.1, there is no obligation on the Principal Shareholders to provide any further financing to the Group.

**PART G – EXIT**

**22 Transfers**

**22.1 General prohibition on disposal of Shares during Lock-up Period**

A Principal Shareholder may not Transfer any of its Shares or any Interest in Shares:

- 22.1.1 \*\* (the " **Lock-up Period** "), to any person, other than with the prior consent of the other Principal Shareholder, unless Clause 22.3 provides otherwise; and
- 22.1.2 following expiry of the Lock-up Period, unless permitted or required to do so under Clause 22.3 or 22.4.

**22.2 General prohibition on disposal of Stichting Shares**

Stichting may not Transfer any of the Stichting Shares or any Interest in Stichting Shares to any person at any time, other than:

- 22.2.1 with the prior written consent of the Principal Shareholders;
- 22.2.2 in accordance with the Incentive Programme; or
- 22.2.3 if required to do so under Clause 22.4.4.

**22.3 Transfer to Group Members**

A Principal Shareholder (the " **Transferor** ") may at any time Transfer its Shares (together with any rights (including rights accrued) and obligations in respect of such Shares) to, in the case of YNV, any companies directly or indirectly controlled by YNV from time to time; and in the case of Sberbank [Nominee], [Sberbank and] any companies directly or indirectly controlled by Sberbank from time to time, (in each case, a " **Transferee** ") on giving prior notice to the other Principal Shareholder, copied to the Company, provided that:

- 22.3.1 all consents, clearances, approvals or permissions necessary to enable the Transferor and/or the Transferee to be able to complete a transfer of Shares pursuant to this Clause 22.3 under the rules or regulations of any governmental, statutory or regulatory body in those jurisdictions where the Transferor, the Transferee, the Company or any of their Affiliates carries on business, have been or are received prior to the Transfer being effected;
- 22.3.2 the Transferor (but not a subsequent transferor in a series of Transfers) shall remain party to this Agreement and shall be jointly and severally liable with the Transferee under this Agreement as a Principal Shareholder in respect of the transferred Shares;
- 22.3.3 the Transferee shall, and the Transferor shall procure that the Transferee shall, retransfer its Shares to the Transferor or another permitted Transferee of the Transferor immediately if the Transferee ceases to be a member of the Transferor's group; and
- 22.3.4 the Transferor and the Transferee shall bear all costs, expenses and Taxes associated with any Transfer made pursuant to this Clause 22.3.

**22.4 Transfer to a third party following expiry of the Lock-up Period**

**22.4.1 Written offer from a third party/right of first refusal**

Without prejudice to Clause 22.3, following expiry of the Lock-up Period, a Principal Shareholder (the " **Transferring Shareholder** ") may Transfer all or part of its Shares (together with any rights accrued in respect of such Shares) (the " **Transfer Shares** ") only if it receives a bona fide offer for such Transfer Shares (the " **Third Party Offer** ") from a bona fide third party (acting as a principal) which is not a Restricted Transferee (the " **Offeror** ") which:

- (i) states whether the Third Party Offer is for all or part (specifying the number) of the Transferring Shareholder's Shares;
- (ii) does not provide for any financing or similar conditions precedent to acquisition of the Transfer Shares;
- (iii) includes (a) a confirmation that the Board of Directors of the Offeror has approved the Third Party Offer and (b) confirmation that the Offeror has readily available cash for the acquisition of the Transfer Shares, or a comfort letter from a reputable bank or any other evidence demonstrating to the reasonable satisfaction of Sberbank that the Offeror would be able to complete the acquisition of the Transfer Shares;
- (iv) states the price of the Third Party Offer which shall be for cash consideration (the " **Third Party Offer Price** ");
- (v) contains all material terms and conditions (including the intended completion date of the offer) ; and
- (vi) includes an offer to acquire:
  - (a) such portion (the " **Tag Portion** ") of Shares held by the other Principal Shareholder (the " **Remaining Shareholder** ") as reflects, as nearly as possible, the number of the Transfer Shares as a proportion of the total number of Shares held by the Transferring Shareholder; and
  - (b) where the Offeror intends to acquire (from one or more Transferring Shareholders) more than \*\* of the share capital of the Company, in addition to the Tag Portion, all other Shares held by the Remaining Shareholder,  
at the same cash price as, and on no less favourable terms than, the Transfer Shares (a " **Tag-along** ").

The Principal Shareholders shall procure that the Company shall reasonably cooperate with any Principal Shareholder in order to facilitate a Third Party Offer (at the cost of such Principal Shareholder).

**22.4.2 Issue of Transfer Notice to the Remaining Shareholder**

If a Principal Shareholder receives a Third Party Offer which it wishes to accept, a Transferring Shareholder shall issue a notice (the " **Transfer Notice** ") to the Remaining Shareholder, copied to the Company, containing notification of the Third Party Offer (including the name of the Offeror, the price offered for the Transfer

Shares and all material terms and conditions of the Third Party Offer) and upon issuing such Transfer Notice, the Transferring Shareholder shall:

- (i) be deemed to make an offer to sell the Transfer Shares to the Remaining Shareholder (the " Offer ") at the same cash price and on no less favourable terms and conditions than those set out in the Third Party Offer; and
- (ii) provide confirmation that:
  - (a) the Company shall be the agent of the Transferring Shareholder for the sale of the Transfer Shares; and
  - (b) the Remaining Shareholder may elect to proceed in accordance with one of the options in Clause 22.4.3.

**22.4.3 Choices open to the Remaining Shareholder**

The Remaining Shareholder who receives a Transfer Notice may do one of the following:

- (i) **Accept the Offer**
  - (a) Before the expiry of the period of \*\* (the " End Date "), if the Remaining Shareholder wishes to buy the Transfer Shares at the Third Party Offer Price it shall send a notice to the Transferring Shareholder, copied to the Company, accepting the Offer (the " Acceptance Notice "). An Acceptance Notice shall be irrevocable. If the Remaining Shareholder does not wish to accept the Offer it may either send a notice to the Transferring Shareholder, copied to the Company, by the End Date declining the Offer or do nothing in which case it shall be deemed to have declined the Offer.
  - (b) If the Transferring Shareholder:
    - (I) has received from the Remaining Shareholder a notice declining the Offer; or
    - (II) has not received the Acceptance Notice from the Remaining Shareholder on or prior to the End Date,the Transferring Shareholder shall then be free to accept the Third Party Offer and enter into legally binding documents to sell the Transfer Shares to the Offeror \*\* at the Third Party Offer Price and on terms being no more favourable than those of the Third Party Offer, provided that the Offeror enters into a Deed of Adherence in the form required by this Agreement.
  - (c) The sale and transfer of the Transfer Shares to the Remaining Shareholder shall be completed in accordance with Clause 25 and the terms and conditions of the relevant Transfer. In the event of any conflict between the provisions of Clause 25 and the terms and conditions of the relevant Transfer, the former shall take precedence.
- (ii) **Tag-along**
  - (a) If the Remaining Shareholder wishes to sell some or all of the relevant portion of its Shares pursuant to Clause 22.4.1(vi) it shall send a notice

to the Transferring Shareholder by the End Date, copied to the Company, electing in its sole discretion to sell the Tag Portion of or, (where Clause 22.4.1(vi)(b) applies) at the sole discretion of such Remaining Shareholder, some or all of its Shares (the " **Tag-along Shares** ") to the Offeror at the same cash price as, and on no less favourable terms than, those contained in the Third Party Offer.

- (b) The Transferring Shareholder shall then be prohibited from selling the Transfer Shares to the Offeror unless the Offeror agrees to purchase the Tag-along Shares at the same time, at the same cash price as and on no less favourable terms than those contained in the Third Party Offer.
- (c) In the event that the Transferring Shareholder fails to comply with the terms of this Clause 22.4.3(ii) (the " **Tag-along Default** "), the Remaining Shareholder shall be entitled to give notice (the " **Tag-along Default Notice** ") within \*\* of the Tag-along Default occurring, requiring the Transferring Shareholder to purchase all of the Tag-along Shares held by the Remaining Shareholder at the same cash price as, and on no less favourable terms than, the Transfer Shares, and the Transferring Shareholder shall be obligated to complete such purchase within \*\* following receipt of such Tag-along Default Notice.

**22.4.4 Drag-along**

- (i) Subject to the right of the Remaining Shareholder under Clause 22.4.3(i) to exercise its right of first refusal, if the Transferring Shareholder(s) (the " **Dragging Shareholder** ") accepts the Third Party Offer and, as a result, the Offeror (together with any Person Acting In Concert with it) will acquire \*\* of the share capital of the Company, then \*\* Business Days of the date on which the Dragging Shareholder accepts the Third Party Offer the Offeror or the Dragging Shareholder may serve a notice (the " **Drag-along Notice** ") (in accordance with Clause 22.4.4(ii)) on each other Shareholder (the " **Dragged Shareholder** ") requiring it to sell to the Offeror such portion of Shares held by such Dragged Shareholder as reflects, as nearly as possible, the number of the Transfer Shares as a proportion of the total number of Shares held by the Dragging Shareholder (the " **Drag-along Shares** ") on the same terms and conditions as the Third Party Offer (the " **Drag-along Exit** ").
- (ii) The Drag-along Notice shall specify:
  - (a) that each of the Dragged Shareholders is required to sell all its Drag-along Shares;
  - (b) the name of the Offeror;
  - (c) the cash price per a Drag-along Share, which shall be no less than the cash price per Share to be sold by the Dragging Shareholder(s); and
  - (d) the proposed date of completion of the Drag-along Exit.
- (iii) The Drag-along Notice shall be accompanied by copies of all documents to be executed by the Dragged Shareholders to give effect to the sale of the Drag-along Shares.

- (iv) Each Dragged Shareholder, upon receipt of the Drag-along Notice and accompanying documents, shall be obliged to:
  - (a) sell all its Drag-along Shares (including giving warranties as to its title to its Drag-along Shares and its capacity to transfer the Drag-along Shares) on the date of completion of the Drag-along Exit;
  - (b) return to the Dragging Shareholders, by no later than \*\* prior to the anticipated date of completion of the Drag-along Exit, the duly executed documents, all of which shall be held against payment of the aggregate consideration due; and
  - (c) bear an amount of any costs of a Drag-along Exit in the same proportion as the consideration for its Drag-along Shares bears to the aggregate consideration for all Shares to be paid in connection with the Drag-along Exit.
- (v) Completion of any transfer pursuant to this Clause 22.4.4 shall take place at the same time as completion of the transfer of the Transfer Shares. In order to effect such completion, the Offeror shall transfer the purchase price for the Drag-along Shares to the Company, to receive and hold on behalf of each Dragged Shareholder, and each Dragged Shareholder shall deliver duly executed instrument(s) for share transfer (including a duly executed deed of transfer or a power of attorney authorising the execution of a deed of transfer on its behalf) for the Drag-along Shares to the Company. The Company's receipt of the purchase price as agent on behalf of each Dragged Shareholder shall be a good discharge to the Offeror who shall not be bound to see to the application of those moneys. The Company shall hold the purchase price in trust for each Dragged Shareholder without any obligation to pay interest. If any Dragged Shareholder fails to deliver its duly executed instrument(s) for share transfer for its Drag-along Shares to the Company by completion, the Directors shall authorise any Director to transfer such Drag-along Shares on behalf of such Dragged Shareholder to the Offeror to the extent the Offeror has, by completion, put the Company in funds to pay the purchase price. The Directors shall then authorise registration of the transfer.

**22.4.5 Failure to transfer**

If a Transferring Shareholder, a Remaining Shareholder or a Dragged Shareholder does not comply with its sale or purchase obligations in this Clause 22, then the provisions of Clause 25.2 shall apply.

**22.4.6 Failure of third party to complete sale**

If the Offeror fails to acquire the Transfer Shares in accordance with this Clause 22, then the procedures set out in this Clause 22 shall be complied with in full in respect of each new or revised offer, whether by the same Offeror or not.

**23 Default**

If a Shareholder (the " **Defaulting Shareholder** ") commits a breach of this Agreement, any other Shareholder (the " **Non-defaulting Shareholder** ") may serve a notice upon the Defaulting Shareholder specifying the breach and requiring the Defaulting Shareholder immediately to stop the breach and, to the extent possible, to make good the consequences



of the breach within \*\*. Where the breach has prejudiced the Non-defaulting Shareholder, it may seek an immediate remedy of an injunction, specific performance or similar order to enforce the Defaulting Shareholder's obligations. This does not affect the Non-defaulting Shareholder's right subsequently to claim damages or other compensation for breach under applicable Laws.

## 24 Deadlock

### 24.1 Circumstances leading to deadlock

24.1.1 Unless Clause 24.2.2(ii) applies, if the Board has not passed a resolution in respect of any Board Reserved Matter which has been put to it two or more times in accordance with this Agreement and the Articles, in each case either because the Board Super Majority has not voted in favour of it or because the relevant Board meetings have been adjourned for the lack of a quorum, then such Board Reserved Matter shall no longer require approval by the Board Super Majority, and will instead only require the unanimous consent of both the Sberbank Independent Director and the YNV Independent Director.

24.1.2 If the Sberbank Independent Director and the YNV Independent Director are unable to reach agreement on a matter referred to them under Clause 24.1.1 within 15 Business Days of that matter being referred to them, then any Director may refer the matter for discussion between the Principal Shareholders.

24.1.3 If:

- (i) the Principal Shareholders are unable to reach agreement on any matter referred to them under Clause 24.1.2 within \*\* of that matter being referred to them; or
- (ii) the Principal Shareholders have not passed a resolution in respect of any Shareholder Reserved Matter which has been put to them two or more times in accordance with this Agreement and the Articles, either because the requisite majority has not voted in favour of it or because three or more consecutive meetings of Shareholders have been adjourned for the lack of a quorum,

the matter or resolution shall be a " **Deadlock Matter** ".

### 24.2 Referral to chief executive officers for resolution

24.2.1 The Principal Shareholders shall as soon as practicable refer the Deadlock Matter to the Chief Operating Officer of YNV and Sberbank First Deputy Chief Executive Officer for resolution (the " **Deadlock Appointees** ").

24.2.2 If:

- (i) the Deadlock Appointees are unable to reach agreement on the Deadlock Matter within \*\* of that matter being referred to them; or
- (ii) the Board does not approve engagement of the relevant Financial Services Provider as a Board Reserved Matter pursuant to Clause 5.2.3(iii)(a),

the matter shall be referred to the Chief Executive Officers of YNV and Sberbank, who shall meet in person at least once within \*\* of any such referral to seek to resolve such matter.

**24.3 Outcome of Deadlock Matter**

24.3.1 If a matter is not resolved pursuant to Clause 24.2.2 within \*\* of that matter being referred to the Deadlock Appointees, then the *status quo* of such matter shall continue to apply, unless the relevant Deadlock Matter is in respect of a Board Reserved Matter set out in:

- (i) paragraph 3.1 of Schedule 3 (other than in respect of the CEO or CFO appointment or removal), in which case the matter will be solely and promptly determined by the CEO; or
- (ii) paragraph 3.1 of Schedule 3 in respect of the CEO or CFO appointment or removal, in which case:
  - (a) the Pre-Agreed Deputy of such CEO or CFO shall temporarily replace the CEO or CFO (as applicable) and for all intents and purposes the relevant Pre-Agreed Deputy shall be the CEO or CFO (as applicable) until replaced in accordance with this Clause 24.3.1(ii);
  - (b) each Principal Shareholder shall promptly give notice to the other Principal Shareholder of two suitable candidates (such that there are four candidates in aggregate) to replace such CEO or CFO;
  - (c) each Principal Shareholder shall then promptly notify each other, rejecting one of the other Principal Shareholder's candidates nominated in Clause 24.3.1(ii)(b) above, such that each Principal Shareholder shall have one candidate remaining; and
  - (d) finally, the Chair shall promptly determine, by way of coin toss in the presence of at least one YNV Director and one Sberbank Director, which one of the remaining two candidates should be appointed as CEO or CFO (as applicable), and upon such determination, the Pre-Agreed Deputy shall be immediately removed from the position of CEO or CFO (as applicable) and the relevant candidate should be appointed to the relevant position.

**25 Terms and consequences of transfers of Shares**

**25.1 Completion of transfer**

Any transfers of the Transfer Shares made under the provisions of Clause 22 (except by a Transferring Shareholder or a Remaining Shareholder to an Offeror under Clause 22.4.3(i) which shall be made as agreed with the Offeror) shall be made in accordance with the following terms set out in this Clause 25.1:

- 25.1.1 Each of the Transferring Shareholder and the Remaining Shareholder shall use reasonable endeavours to ensure the satisfaction of any Regulatory Condition applying to it as soon as possible.
- 25.1.2 If any of the Regulatory Conditions is not satisfied or waived within \*\* after service of the Transfer Notice, then the Transfer Notice shall lapse and the Transferring Shareholder shall be free to sell the Transfer Shares to the Offeror who had previously made a Third Party Offer but was unable to proceed as a result of the rights of first refusal contained in Clause 22.4.2 on terms being no more favourable than those of the Third Party Offer.

25.1.3 Completion of the transfer of the Transfer Shares shall take place \*\* after the date of the Acceptance Notice or the date of satisfaction or waiver of the last of the Regulatory Conditions (whichever is the later) (the "Transfer Date ") and at such reasonable time and place as the Transferring Shareholder and the Remaining Shareholder shall agree or, failing which, at 12:00 (Amsterdam time) at the registered office of the Company.

25.1.4 On or before the Transfer Date the Transferring Shareholder shall deliver to the Remaining Shareholder in respect of the Transfer Shares:

- (i) duly executed instrument(s) for share transfer (including a duly executed power of attorney authorising the execution of a notarial deed of transfer on its behalf); and
- (ii) a power of attorney in such form and in favour of such person as the Remaining Shareholder may nominate to enable the Remaining Shareholder to exercise all rights of ownership including, without limitation, voting rights.

25.1.5 Upon the execution of the notarial deed of transfer as referred to in Clause 25.1.4, the Remaining Shareholder shall pay the total consideration due for the Transfer Shares to the Transferring Shareholder on the Transfer Date.

## 25.2 Failure to transfer

If a Transferring Shareholder fails or refuses to comply with its obligations to transfer Transfer Shares under Clause 22 on or before the Transfer Date for a reason other than failure to satisfy a Regulatory Condition:

25.2.1 the Company shall be deemed to be appointed as agent on behalf of the Transferring Shareholder to receive the purchase money in trust for the Transferring Shareholder (without any obligation to pay interest) and cause the Remaining Shareholder to be registered as the holder of the Transfer Shares being sold. The receipt by the Company of the purchase money shall be a good discharge by the Remaining Shareholder (who shall not be bound to see to the application of those moneys). After the Remaining Shareholder has been registered as holder of the Transfer Shares being sold in exercise of these powers:

- (i) the validity of the transfer shall not be questioned by any person; and
- (ii) the Transferring Shareholder shall be entitled to the purchase money for the Transfer Shares; and

25.2.2 the Transferring Shareholder shall not exercise any of its powers or rights in relation to management of, and participation in the profits of, the Company under this Agreement, the Articles or otherwise. The Appointed Directors appointed by such Transferring Shareholder (or its predecessor in title) shall not (and the Transferring Shareholder shall procure that each such Appointed Director shall not):

- (i) vote at any Board meeting;
- (ii) attend any Board meeting (and their attendance would not be required in order to constitute a quorum); or
- (iii) receive or request any information from the Company.

**25.3 Company to be informed of notices**

The Principal Shareholders shall keep the Company informed at all times of the issue and contents of any notices served pursuant to Clause 22 or 25 and any election or acceptance relating to those notices.

**25.4 Business to be run as going concern**

The Principal Shareholders shall do all things within their power to ensure that the Business continues to be run as a going concern during the period between the service of any notice pursuant to Clause 22 or 25 and the completion of any transfers of Shares.

**25.5 Transfer terms**

Any sale and/or transfer of the Transfer Shares under Clause 22 shall be on terms that those Shares:

25.5.1 are transferred free from all Encumbrances (other than those created under this Agreement and the Articles); and

25.5.2 are transferred with the benefit of all rights attaching to them as at the date of the relevant transfer.

**25.6 Further assurance**

Each of the Principal Shareholders and the Company shall use reasonable endeavours to effect a transfer of the Transfer Shares in accordance with the terms of this Agreement as quickly as is practicable and in any event within any time period specified in this Agreement.

**25.7 Deed of Adherence**

The Principal Shareholders shall procure that no person other than an existing Shareholder acquires any Shares unless it enters into a Deed of Adherence agreeing to be bound by this Agreement as a Shareholder and any other agreements entered into in connection with the Business as a Shareholder. The Shareholders agree that in signing a Deed of Adherence such person shall have the benefit of the terms of this Agreement and shall be a Party to this Agreement.

**25.8 Removal of appointees**

If a Principal Shareholder ceases to be a Principal Shareholder it shall, and it shall procure that all its appointees to the Board and to the board of directors of any Group Company (if applicable) shall, do all such things and sign all such documents as may otherwise be necessary to ensure the resignation or dismissal of such persons from such appointments in a timely manner in accordance with Clause 10.

**25.9 Power of Attorney**

25.9.1 Each Principal Shareholder irrevocably appoints the other Principal Shareholder, by way of security for the performance of its obligations under Clause 22, its attorney to execute, deliver and/or issue any necessary document, agreement, certificate and instrument required to be executed by it under the provisions of Clauses 22 or 25, including any transfer of the Transfer Shares or other documents which may be necessary to transfer title to the Transfer Shares.

25.9.2 Any purchase money payable to a Transferring Shareholder shall, to the extent that it is not paid to, or to the order of, the Transferring Shareholder on or before the

appropriate completion date, bear interest against the Remaining Shareholder (or the Dragging Shareholder where a Dragged Shareholder is required to sell Drag-along Shares under Clause 22.4.4) at the rate of three per cent. per annum calculated on a daily basis from such date until the Transferring Shareholder is reimbursed by the Remaining Shareholder.

**26 IPO**

**26.1** Each Principal Shareholder (the " **Initiating Shareholder** ") shall have the right to convene a meeting of the Board to consider approval of an IPO, provided that such notice includes the following proposed parameters of the potential IPO:

- 26.1.1 the relevant stock exchange;
- 26.1.2 the minimum amount to be raised;
- 26.1.3 type of Shares to be offered for sale (including proportions of new Shares to be issued and/or existing Shares to be sold by each of the Shareholders);
- 26.1.4 valuation parameters; and
- 26.1.5 financial advisors and the terms of their engagement.

**26.2** If the Board meeting convened by the Initiating Shareholder under Clause 26.1 approves the IPO, the Shareholders shall co-operate fully with each other and the Company and their respective financial and other advisers and use their reasonable endeavours to assist the Company to achieve an IPO in accordance with the rules and regulations of the relevant international securities exchange and other applicable Laws and regulations.

**26.3** Following expiry of the Lock-up Period, if the Board meeting convened by the Initiating Shareholder under Clause 26.1 does not approve the IPO which satisfies the criteria of a Qualified IPO \*\* the Initiating Shareholder may send a notice (the " **Qualified IPO Notice** ") to the Dissenting Shareholder (with a copy to the Company) requiring that the Company initiates a Qualified IPO and indicating the following parameters of such Qualified IPO (which should be materially the same as parameters of the IPO rejected by the Board):

- 26.3.1 the relevant stock exchange;
- 26.3.2 the minimum amount to be raised;
- 26.3.3 type of Shares to be offered for sale through the Qualified IPO (including proportion of new Shares to be issued and/or existing Shares);
- 26.3.4 valuation parameters; and
- 26.3.5 financial advisors and the terms of their engagement.

**26.4** In case where Clause 26.3 applies:

- 26.4.1 the Shareholders shall procure (including by way of taking all necessary corporate actions) that the Company fully cooperates with the respective financial and other advisers and shall use their reasonable endeavours to assist the Company to achieve the Qualified IPO in accordance with the rules and regulations of the relevant international securities exchange and other applicable Laws and regulations as soon as reasonably practicable following the date of the Qualified IPO Notice; and
- 26.4.2 \*\*

**26.5** Following expiry of the Lock-up Period, unless Clauses 26.2 to 26.4 apply, the CEO may, after consultation with each of the Principal Shareholders, send a notice to the Principal Shareholders requiring that the Company initiates a CEO Qualified IPO.

**26.6** \*\*

**27 Duration, termination and survival**

**27.1 Duration and termination**

This Agreement shall continue in full force and effect without limit in time until the earlier of:

27.1.1 the Principal Shareholders agreeing in writing to terminate it;

27.1.2 an effective resolution is passed or a binding order is made for the winding-up of the Company; and

27.1.3 the date on which all of the Shares, to the extent remaining in issue, are owned by one Shareholder,

provided that this Agreement shall cease to have effect as regards any Principal Shareholder who ceases to hold any Shares save for the Surviving Provisions which shall continue in force after termination generally or in relation to any such Principal Shareholder.

**27.2 Termination on Qualified IPO**

Notwithstanding the provisions of Clause 27.1 (and subject to Clause 27.3), effective upon the closing of a Qualified IPO, this Agreement shall be deemed to be amended and restated to exclude such provisions of this Agreement (save for the Surviving Provisions which shall continue in force after termination), as may be determined by an opinion of a reputable law firm of international standing with an established practice in the jurisdiction of the relevant stock exchange to be required to be excluded in order to comply with the listing rules of the relevant stock exchange or other applicable mandatory legal requirements. The Principal Shareholders further agree to negotiate in good faith any amendments to this Agreement as may be recommended by such law firm or by the managing underwriter of such Qualified IPO to be advisable in connection with such Qualified IPO.

**27.3 Effect of termination**

Termination of this Agreement shall be without prejudice to any liability or obligation in respect of any matters, undertakings or conditions which shall not have been observed or performed by the relevant Party prior to such termination.

**PART H – PROTECTION OF THE BUSINESS AND SHAREHOLDERS**

**28 Expansion of Joint Venture**

**28.1 Development of Business**

Subject to the provisions of this Clause 28 and Clause 28.3, the Shareholders shall procure that any expansion, development or evolution of the Core Business within the Exclusivity Territory shall only be effected through the Company or a Group Company.

**28.2 New Opportunities**

**28.2.1** If any Principal or its Affiliate:

- (i) identifies or becomes aware of any investment opportunity (other than a Security Enforcement Opportunity) relevant to the Core Business; or
- (ii) identifies an opportunity to start operating any Core Business,

(a " **New Opportunity** "), in each case, in a jurisdiction outside the Exclusivity Territory (the " **New Opportunity Jurisdiction** "), then such Principal shall notify the Board in writing with reasonable details as to the nature of the relevant New Opportunity, including the relevant New Opportunity Jurisdiction. In any event, none of the Principals or their Affiliates shall make or commit to make any capital expenditure or make any other form of investment in relation to a New Opportunity unless and until the Board accepts or rejects such New Opportunity pursuant to the terms of this Clause 28.2.

**28.2.2** If the Board approves the New Opportunity by a simple majority of votes, then:

- (i) the Principals shall procure that the Group shall use reasonable endeavours to implement such New Opportunity in the New Opportunity Jurisdiction as soon as reasonably practicable; and
- (ii) if the Group fails to complete the Core Business Commencement in such New Opportunity Jurisdiction within \*\* (unless a longer time period is determined by the Board Super Majority) following the relevant Board approval, the Principal that notified the Board of such New Opportunity shall be free to proceed on its own with such New Opportunity within the New Opportunity Jurisdiction at its sole cost, risk and expense

**28.2.3** If the Board does not approve (or fails to vote on) the New Opportunity within one month of receiving notice of it pursuant to Clause 28.2.1:

- (i) the Principal that did not notify the Board of such New Opportunity shall not (and shall procure that its Affiliates shall not) take any actions to pursue such New Opportunity in the New Opportunity Jurisdiction; and
- (ii) the Principal that notified the Board of such New Opportunity (unless any of its Appointed Directors voted against approval of the New Opportunity) shall be free to proceed on its own with such New Opportunity within the New Opportunity Jurisdiction at its sole cost, risk and expense.

**28.2.4** In the event that the Board decides (by a simple majority) that the Group shall commence operations in a New Opportunity Jurisdiction where a Principal (or its

Affiliate) has already started operations pursuant to Clause 28.2.2(ii) or 28.2.3(ii) (the " Existing Operations "):

- (i) following such Board decision, the Principals shall negotiate in good faith for a period of \*\* with a view to agreeing whether the relevant interest in the Existing Operations should be transferred to the Group (and the Principal that owns the Existing Operations shall be deemed to have granted exclusivity for such \*\* period to the other Principal and the Group);
- (ii) if the Principals:
  - (a) agree that the relevant interest in the Existing Operations shall be transferred to the Group, then the Parties shall take all such actions as are required to effect such transfer on the terms agreed (and following such transfer the relevant New Opportunity Jurisdiction shall become part of the Exclusivity Territory); or
  - (b) fail to agree that the relevant interest in the Existing Operations shall be transferred to the Group, then the relevant Principal shall use its commercially reasonable efforts (taking into consideration the relevant market conditions) to divest the relevant interest in the Existing Operations within the following \*\*.

28.2.5 If the Group starts operations in any jurisdiction which is not covered by the Brand Licence Agreement, YNV shall procure that as soon as practicable following the start of such operations:

- (i) Yandex LLC files applications for registration of "YANDEX" trade marks (in Latin and, if relevant, in Cyrillic or other local alphabet) with the local trade mark authorities in the relevant jurisdiction in respect of such ICGS classes as may be necessary for the operation of the Business in such jurisdiction (if no such trade marks are registered in such jurisdiction already); and
- (ii) Yandex LLC and the Russian OpCo shall:
  - (a) execute an amendment or an additional agreement to the Brand Licence Agreement (in the form reasonably acceptable to Sberbank), according to which the Brand Licence Agreement shall cover the relevant "YANDEX" trade marks registered (or to be registered, as applicable) in the relevant jurisdiction; and
  - (b) file such amendment or additional agreement to the Brand Licence Agreement for registration with the local trade mark authorities in the relevant jurisdiction (to the extent required under applicable Laws).

28.3 \*\*

28.4 \*\*

28.5 \*\*

## 29 Restrictions

### 29.1 Restrictive covenants



Subject to Clauses 28.1, 29.2 and 29.6, each Principal undertakes to the other Principal and the Company that neither it nor any of its Affiliates shall during the Exclusivity Period:

- 29.1.1 carry on, be engaged in or be economically interested in any business which is of the same type as the Core Business (or any part of it) within the Exclusivity Territory;
  - 29.1.2 employ any Key Employee whether as an employee, a consultant or otherwise;
  - 29.1.3 induce or seek to induce any Restricted Employee to become employed whether as an employee, a consultant or otherwise by any Principal or any of its Affiliates, whether or not such Restricted Employee would thereby commit a breach of his/her employment contract or contract of service, provided that a Principal shall not be prohibited from recruiting:
    - (i) following expiry of \*\* following the date of this Agreement, any Senior Employee; and
    - (ii) any Junior Employee.
- in each case, pursuant to (a) any public announcement, general solicitation or advertising not specifically targeting such individual; (b) a referral by any search firm, employment agency or other similar entity that has not been specifically instructed to solicit such individual; or (c) an unsolicited inbound approach from such Restricted Employee;
- 29.1.4 establish any joint venture (whether incorporated or not) with any Restricted Party within the Exclusivity Territory; or
  - 29.1.5 other than as permitted under Clause 29.2, promote any B2C online retail marketplace for the purchase of physical goods within the Exclusivity Territory or any online retailer of physical goods (other than the Group's marketplace(s)).

**29.2 Yandex and Sberbank promotion and advertising**

- 29.2.1 Nothing in Clause 29.1 shall restrict any Principal or its Affiliates from providing advertising or promotion services to any third party, including any Restricted Party, other than as expressly restricted by this Clause 29.2.
- 29.2.2 YNV undertakes to each of Sberbank and the Company that neither YNV nor its Affiliates shall, during the Exclusivity Period and on the Exclusivity Territory:
  - (i) provide any YNV Special Promotion Services to any Restricted Party in respect of the Core Business, provided that the provision of any specific YNV Special Promotion Services shall be permitted upon a written request by YNV containing reasonable details in respect of such YNV Special Promotion Services to enable the CEO or the Board (as applicable) to make an informed decision (the "YNV Special Promotion Services Request"):
    - (a) during the period from the date of this Agreement until \*\* with the prior written consent of the CEO (such consent shall not be unreasonably withheld, conditioned or delayed); and
    - (b) during the period after \*\* with the prior approval of a simple majority of the Board, provided that if, within \*\* from the date on which the Board receives an YNV Special Promotion Services Request, the Board does not reject such YNV Special Promotion Services Request, the

Board shall be deemed to have granted its approval to such YNV Special Promotion Services Request; or

(ii) provide to any Restricted Party Search Wizards for the period of \*\* from the date hereof.

**29.2.3** Sberbank undertakes to each of YNV and the Company that neither Sberbank nor its Affiliates shall, during the Exclusivity Period and on the Exclusivity Territory provide any Sberbank Special Promotion Services to any Restricted Party in respect of the Core Business, provided that the provision of any specific Sberbank Special Promotion Services shall be permitted upon a written request by Sberbank containing reasonable details in respect of such Sberbank Special Promotion Services to enable the CEO or the Board (as applicable) to make an informed decision (the "**Sberbank Special Promotion Services Request**"):

(i) during the period from the date of this Agreement until the \*\* with the prior written consent of the CEO (such consent shall not be unreasonably withheld, conditioned or delayed); and

(ii) during the period after the first anniversary of the date of this Agreement with the prior approval of a simple majority of the Board, provided that if, within \*\* from the date on which the Board receives a Sberbank Special Promotion Services Request, the Board does not reject such Sberbank Special Promotion Services Request, the Board shall be deemed to have granted its approval to such Sberbank Special Promotion Services Request.

**29.2.4** Notwithstanding the foregoing, the restrictions set forth in Clauses 29.2.2(i) and 29.2.3 shall not apply to experiments related to the launch of new advertising products or the enhancement of current advertising products, which could involve non-standard visual representations or could be based on new underlying functional principles.

**29.2.5** For the purposes of this Clause 29.2:

" **YNV Special Promotion Service** " means: \*\*

" **Sberbank Special Promotion Service** " means: \*\*

**29.3 Reasonableness of restrictions**

Each Party agrees that the restrictions contained in Clause 28 and this Clause 29 are no greater than are reasonable and necessary for the protection of the interest of each Principal and the Company, but if any such restriction shall be held to be void but would be valid if deleted in part or reduced in application, such restriction shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

**29.4 Reimbursement of expenses for breach of non-solicitation restrictions**

The Parties acknowledge and agree that the Group's employees are experienced professionals, and that the Group will incur substantial expenses in the event there is a necessity to replace them or train new employees as a consequence of breach of Clause 29.1.2 or 29.1.3 by either Principal. In the event that an employee of the Group having an annual base salary greater than \*\* leaves his employment as a result of solicitation in breach of Clause 29.1.2 or 29.1.3, the breaching Principal shall be liable to reimburse the Group for expenses resulting from recruitment or training of a new employee in the amount

of \*\* for each such employee (without prejudice to any other rights and remedies that the Group or the other Principal may have in relation to such breach).

**29.5 Duration**

The covenants set out in this Clause 29 shall survive in accordance with Clause 29.1 for the Exclusivity Period.

**29.6 Exclusions**

Nothing contained in Clause 28 or this Clause 29 precludes or restricts a Principal or any of its Affiliates from:

29.6.1 holding or being interested in a stake of no more than: \*\*

29.6.2 fulfilling any obligation pursuant to this Agreement and any other Transaction Document;

29.6.3 operating any Core Business in connection with implementation of any New Opportunity in a New Opportunity Jurisdiction under Clause 28.2.2(ii) or 28.2.3(ii);

29.6.4 pursuing any Security Enforcement Opportunity, provided that if, as a result of such Security Enforcement Opportunity, a Principal acquires any interest in any person engaged in any activity which activity would otherwise be in breach of Clause 29.1 (for the avoidance of doubt, subject to the applicable exclusions under Clause 29.6, including in respect of the interest thresholds set out in Clause 29.6.1):

(i) the relevant Principal shall promptly notify the other Principal of such acquisition;

(ii) following such notification, the Principals shall negotiate in good faith for a period of six months with a view to agreeing whether the relevant interest should be transferred to the Group;

(iii) if the Principals:

(a) agree that the relevant interest shall be transferred to the Group, then the Principals shall (and shall procure that the Company shall) take all such actions as are required to effect such transfer on the terms agreed; or

(b) fail to agree that the relevant interest shall be transferred to the Group, then the acquiring Principal shall use its commercially reasonable efforts (taking into consideration the relevant market conditions) to divest the relevant interest within the following 36 months;

29.6.5 operating any existing or future online or e-commerce businesses in the following spheres: \*\*

29.6.6 in the case of Sberbank only: \*\*

29.6.7 in the case of YNV only, \*\*.

**29.7 Non-Discrimination**

YNV undertakes to each of Sberbank and the Company that during the Exclusivity Period, and within the Exclusivity Territory YNV shall (and shall procure that its Affiliates shall):

29.7.1 in relation to any Yandex Services Promotion Features, treat the Group as a Yandex Service Company; and

29.7.2 provide Yandex Services Promotion Features to the Group on similar and non-discriminatory terms as compared with the terms and conditions of promotion of other Yandex Service Companies, subject to restrictions which also apply to other Yandex Service Companies (including restrictions applicable to priority advertising campaigns of a relevant Yandex Service Company or a service of YNV Affiliate). YNV and its Affiliates shall have the right not to include in any new Yandex Services Promotion Features any promotion tools which may be created in the future and which: (a) constitute a part of the corresponding functionality of a service of a Yandex Service Company; or (b) assume the need for technical integration with the service providing the promotion tool; or (c) are provided to Yandex Service Companies on a commercial basis, including in accordance with the policy of the service providing such promotion tool.

**29.8 General principles of co-operation between the Company and the Principal Shareholders**

29.8.1 The Parties intend that, other than as set out in the Transaction Documents, the Company's relationship with each of the Principal Shareholders shall be based on the principles of reciprocity and mutual benefit, having regard to the industry and market standing of the Company and each of the Principal Shareholders.

29.8.2 Each of the Principal Shareholders may invite the Company to participate in its new business initiatives and pilot projects, but the Board shall be free to decide, in its sole discretion, to what extent the Group shall participate therein (if at all).

29.8.3 Unless otherwise required by applicable Laws, the Parties agree that the internal corporate by-laws, policies, standards or other regulations of the Principal Shareholders shall not directly apply to the Company, and that the Board shall be free to decide, in its sole discretion, to what extent (if at all) to implement any such by-laws, policies standards or regulations at the Group level.

29.9 \*\*

**30 Confidentiality**

**30.1 Announcements**

No public announcement of any kind shall be made in respect of this Agreement except as otherwise agreed in writing between the Principal Shareholders or unless required by the Laws, in which case the Principal Shareholder concerned shall take all reasonable steps to obtain the consent of the other Principal Shareholder to the contents of the announcement, such consent not to be unreasonably withheld or delayed, and the Principal Shareholder or the Affiliate of the Principal Shareholder making the announcement (as the case may be) shall (unless it is not reasonably practicable to do so) give a copy of the text to the other Principal Shareholder prior to the announcement being released.

**30.2 Confidential Information**

Subject to Clauses 30.1 and 30.3, each Party shall keep confidential and shall procure that its respective Affiliates and their respective officers, employees, agents and advisers keep confidential the following (the "Confidential Information"):

30.2.1 all communications between each Shareholder and the Group;

30.2.2 all information and other materials supplied to or received by each Shareholder from the Group which are either marked "confidential" or are by their nature intended to be for the knowledge of the recipient alone; and

30.2.3 any information relating to:

- (i) this Agreement, the Business which a Shareholder may have or acquire through ownership of an Interest in the Company, all information concerning the business transactions and/or financial arrangements of the Group; and
- (ii) the customers, business, assets or affairs of a Shareholder or its Affiliates and all information concerning the business transactions and/or financial arrangements of a Shareholder or its Affiliate which the other Parties may have, or acquire, through being a Shareholder or making appointments to the Board,

and shall not use any Confidential Information for its own business purposes or disclose any Confidential Information to any third party without the consent of the other Parties.

**30.3 Exclusions**

30.3.1 Clause 30.2 shall not prohibit disclosure or use of any information if and to the extent:

- (i) the information is or becomes publicly available (other than by breach of this Agreement);
- (ii) both Principal Shareholders have given prior written approval to the disclosure or use;
- (iii) information about the Group which the Board has confirmed in writing to the Shareholders is not confidential;
- (iv) the information is independently developed by a Party after the date of this Agreement;
- (v) the disclosure or use is required by law, any governmental or regulatory body or any stock exchange on which the shares of either Party or any of its Affiliates is listed (including where this is required as part of any actual or potential offering, placing and/or sale of securities of that Party or any of its Affiliates);
- (vi) the disclosure or use is required for the purpose of any judicial or arbitral proceedings arising out of or in connection with this Agreement or any documents to be entered pursuant to it;
- (vii) the disclosure of information is made to any Tax Authority to the extent such disclosure is reasonably required for the purposes of the tax affairs of the Party concerned or any of its Affiliates;
- (viii) the disclosure of information is made by a Principal Shareholder to its Affiliates, directors, employees or professional advisers on a need to know basis and on terms that such parties undertake to comply with the provisions of this Clause 30 as if they were a party to this Agreement, or

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

- (ix) the disclosure of information is made by a Principal Shareholder on a confidential basis to a bona fide third party (not being a Restricted Transferee) or professional advisers or financiers of such third party wishing to acquire Shares from such Principal Shareholder in accordance with the terms of this Agreement to the extent that any such persons need to know the information for the purposes of considering, evaluating, advising on or furthering the potential purchase PROVIDED THAT no such disclosure shall be made unless such person has agreed to be bound to observe the restrictions under this Clause 30 to which the Principal Shareholder concerned is subject,

provided that prior to disclosure or use of any information pursuant to Clause 30.3.1(v) or 30.3.1(vi), the Party concerned shall consult with the other Parties insofar as is reasonably practicable.

**30.4 Return of Confidential Information**

Where a Principal Shareholder ceases to be a Shareholder, such Principal Shareholder shall promptly return all written Confidential Information provided to it or its Affiliates or its or their officers, employees, agents or advisers which is in such Principal Shareholder's possession or under its custody and control without keeping any copies thereof, provided that such Principal Shareholder may retain any Confidential Information relating to the other Shareholders, the Company, the Group or the Business as may be required by the Laws or contained or referred to in board minutes or in documents referred to therein and such Principal Shareholder's advisers may keep one copy of any documents in their possession for record purposes without prejudice to any duties of confidentiality contained in this Agreement.

**30.5 Damages not an adequate remedy**

Without prejudice to any other rights or remedies which a Shareholder may have under this Agreement or any other Transaction Document, the Shareholders acknowledge and agree that damages would not be an adequate remedy for any breach of this Clause 30 and the remedies of injunction, specific performance and other equitable relief are appropriate for any threatened or actual breach of any such provision and no proof of special damages shall be necessary for the enforcement of the rights under this Clause 30.

**30.6 Duration of confidentiality obligations**

The obligations contained in this Clause 30 shall last indefinitely notwithstanding the termination of this Agreement or a person ceasing to be party to this Agreement.

**PART I – GENERAL**

**31 General**

**31.1 Arbitration**

- 31.1.1 The Parties agree that, in respect of any claim, dispute or difference or controversy of whatever nature arising out of, relating to, or in connection with this Agreement (including a claim, dispute, difference or controversy regarding its existence, termination, validity, interpretation, performance, breach, the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Agreement) (each, a "Dispute"), they shall notify in writing the other parties and attempt in good faith to resolve such Dispute. If no such resolution can be reached during the \*\* following the date of such written notice, then such Dispute shall be referred upon the application of any party to, and finally settled by, arbitration in accordance with the London Court of International Arbitration ("LCIA") Rules (the "Rules") as in force at the date of this Agreement, which Rules, as amended by this Clause 31.1, are deemed to be incorporated into this Clause 31.1, and capitalised terms used in this Clause 31.1 which are not otherwise defined in this Agreement have the meaning given to them in the Rules.
- 31.1.2 The number of arbitrators shall be three, one of whom shall be nominated by the Claimant(s) between them, one by the Respondent(s) between them, and the third of whom, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two party-nominated arbitrators, provided that if the third arbitrator has not been nominated within \*\* of the nomination of the second party nominated arbitrator, such third arbitrator shall be appointed by the LCIA.
- 31.1.3 The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.
- 31.1.4 No party shall be required to give general discovery of documents but may be required only to produce specific, identified documents or classes of documents which are relevant to the Dispute.
- 31.1.5 Each party agrees that the arbitration agreement set out in this Clause 31.1 and the arbitration agreement contained in each other Transaction Document (other than the Ancillary Agreements and all documents entered into pursuant to the Ancillary Agreements) shall together be deemed to be a single arbitration agreement.
- 31.1.6 Each party consents to being joined to any arbitration commenced under any Transaction Document on the application of any other party if the Arbitral Tribunal so allows, and subject to and in accordance with the Rules. Before the constitution of the Arbitral Tribunal, any party to an arbitration commenced pursuant to this Clause 31.1 may effect joinder by serving notice on any party to any Transaction Document whom it seeks to join to the arbitration proceedings, provided that such notice is also sent to all other parties to the Dispute and the LCIA Court within \*\* of service of the Request for Arbitration. The joined party will become a claimant or respondent party (as appropriate) to the arbitration proceedings and participate in the arbitrator appointment process in Clause 31.1.2.
- 31.1.7 An Arbitral Tribunal constituted under this Agreement may consolidate an arbitration hereunder with an arbitration under any other Transaction Document if the

arbitration proceedings raise common questions of law or fact, and subject to and in accordance with the Rules. For the avoidance of doubt, this Clause 31.1.7 is an agreement in writing by all parties to any arbitrations to be consolidated for the purposes of Article 22.1(ix) of the Rules. If an Arbitral Tribunal has been constituted in more than one of the arbitrations in respect of which consolidation is sought pursuant to this Clause 31.1.7, the Arbitral Tribunal which shall have the power to order consolidation shall be the Arbitral Tribunal appointed in the arbitration with the earlier Commencement Date under Article 1.4 of the Rules (i.e. the first-filed arbitration). Notice of the consolidation order must be given to any arbitrators already appointed in relation to any of the arbitration(s) which are to be consolidated under the consolidation order, all parties to those arbitration(s) and the LCIA Registrar. Any appointment of an arbitrator in the other arbitrations before the date of the consolidation order will terminate immediately and the arbitrator will be deemed to be discharged. This termination is without prejudice to the validity of any act done or order made by that arbitrator or by any court in support of that arbitration before that arbitrator's appointment is terminated; his or her entitlement to be paid proper fees and disbursements; and the date when any claim or defense was raised for the purpose of applying any limitation bar or any similar rule or provision. If this clause operates to exclude a party's right to choose its own arbitrator, each party irrevocably and unconditionally waives any right to do so.

31.1.8 To the extent permitted by applicable Laws, each party waives any objection, on the basis that a Dispute has been resolved in a manner contemplated by Clauses 31.1.6 to 31.1.7, to the validity and/or enforcement of any arbitral award.

31.1.9 Each party agrees that any arbitration under this Clause 31.1 shall be confidential to the parties and the arbitrators and that each party shall therefore keep confidential, without limitation, the fact that the arbitration has taken place or is taking place, all non-public documents produced by any other party for the purposes of the arbitration, all awards in the arbitration and all other non-public information provided to it in relation to the arbitral proceedings, including hearings, save to the extent that disclosure may be requested by a regulatory authority, or required of it by legal duty, to protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a state court or other judicial authority.

31.1.10 The law of this arbitration agreement, including its validity and scope, shall be English law.

31.1.11 This agreement to arbitrate shall be binding upon the parties, their successors and permitted assigns.

### 31.2 Governing law and submission to jurisdiction

31.2.1 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

31.2.2 Each of the Parties irrevocably submits to the non-exclusive jurisdiction of the courts of England to support and assist the arbitration process pursuant to Clause 31.1, including if necessary the grant of interlocutory relief pending the outcome of that process.

### 31.3 Warranties



Each Party warrants to each other Party that each of the following statements is true and accurate as of the date of this Agreement:

- 31.3.1 it is validly existing and is a company duly incorporated under the law of its jurisdiction of incorporation;
- 31.3.2 it has the legal right and full power and authority to enter into and perform this Agreement;
- 31.3.3 this Agreement will, when executed, constitute valid and binding obligations on it; and
- 31.3.4 it has taken all corporate action required by it to authorise it to enter into and to perform this Agreement.

**31.4 Notices**

31.4.1 Any notice or other communication in connection with this Agreement (each, a " **Notice** ") shall be:

- (i) in writing;
- (ii) in English language; and
- (iii) delivered by hand, registered post, pre-paid recorded delivery, pre-paid special delivery or courier using an internationally recognised courier company.

31.4.2 A Notice to Sberbank shall be sent to such party at the following address, or such other persons or address as Sberbank may notify to the other Parties from time to time:

**PJSC Sberbank of Russia**

19 Vavilova Street  
Moscow 117997  
Russia

Attention:  
\*\*

\*\*

\*\*

\*\*

with a copy (which shall not constitute Notice) to:

\*\*

Linklaters CIS  
Paveletskaya sq,2 bld. 2  
Moscow 115054  
Russia  
Email: \*\*

31.4.3 [A Notice to Sberbank Nominee shall be sent to such party at the following address, or such other person or address as Sberbank Nominee may notify to the other Parties from time to time:

**«Digital assets» Limited**

19 Vavilova Street  
Moscow 117997  
Russia

Attention: \*\*  
Email: \*\*

31.4.4 A Notice to YNV shall be sent to such party at the following address, or such other person or address as YNV may notify to the Parties from time to time:

**Yandex N.V.**

Schiphol Boulevard 165  
Schiphol 1118 BG  
Netherlands

Attention: \*\*  
Email: \*\*

with a copy (which shall not constitute Notice) to:

\*\*

Yandex LLC  
18 Lva Tolstogo Street  
Moscow 119021 Russia  
Email: \*\*

\*\*

Morgan, Lewis & Bockius UK LLP  
Condor House, 5-10 St. Paul's Churchyard  
London EC4M 8AL United Kingdom  
Email: \*\*

31.4.5 A Notice to the Stichting shall be sent to such party at the following address, or such other person or address as Stichting may notify to the Parties from time to time:

**Stichting Yandex.Market Equity Incentive**

[Address]

\*\*

31.4.6 A Notice to the Company shall be sent to such party at the following address, or such other person or address as the Company may notify to the Parties from time to time:

**Yandex.Market B.V.**

Schiphol Boulevard 165  
Schiphol 1118 BG  
Netherlands

Attention: \*\*  
Email: \*\*

with a copy (which shall not constitute Notice) to:

\*\*

Morgan, Lewis & Bockius UK LLP  
Condor House, 5-10 St. Paul's Churchyard  
London EC4M 8AL United Kingdom  
Email: \*\*

- 31.4.7 A Notice shall be effective upon receipt and shall be deemed to have been received:
- (i) at 9:00 am on the second Business Day after posting or at the time recorded by the delivery service; or
  - (ii) at the time of delivery, if delivered by hand or courier.

**31.5 Whole agreement and remedies**

- 31.5.1 This Agreement contains the whole agreement between the Parties relating to the subject matter of this Agreement at the date of this Agreement to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the Parties in relation to the matters dealt with in this Agreement.
- 31.5.2 Each Party agrees and acknowledges that:
- (i) in entering into this Agreement, it is not relying on any representation, warranty or undertaking not expressly incorporated into it; and
  - (ii) its only right and remedy in relation to any representation, warranty or undertaking made or given in connection with this Agreement shall be for breach of the terms of this Agreement and each of the Parties waives all other rights and remedies (including those in tort or arising under statute) in relation to any such representation, warranty or undertaking.
- 31.5.3 In this Clause 31.5 " **this Agreement** " includes the Transaction Documents and all documents entered into pursuant to this Agreement.
- 31.5.4 Nothing in this Clause 31.5 excludes or limits any liability for fraud.

**31.6 Legal advice and reasonableness**

Each Party to this Agreement confirms that it has received independent legal advice relating to all the matters provided for in this Agreement, including the terms of Clause 31.5, and agrees that the provisions of this Agreement (including all documents entered into pursuant to this Agreement) are fair and reasonable.

**31.7 Unlawful fetter**

The Company is not bound by any provision of this Agreement to the extent it constitutes an unlawful fetter on any statutory power of the Company.

**31.8 Conflict with the Articles**

In the event of any ambiguity or discrepancy between the provisions of this Agreement and the Articles, it is intended that the provisions of this Agreement shall prevail and accordingly the Shareholders shall exercise all voting and other rights and powers available to them so as to give effect to the provisions of this Agreement and shall further if necessary procure any required amendment to the Articles provided that such amendment to the Articles shall not contravene applicable Laws. The Company is not bound by this Clause 31.8.

**31.9 No partnership**

Nothing in this Agreement shall be deemed to constitute a partnership between the Parties hereto or constitute any Party the agent of any other Party for any purpose.

**31.10 Release etc.**

Any liability owing from any Shareholder or the Company under this Agreement may in whole or in part be released, compounded or compromised or time or indulgence given by a Shareholder or the Company in its absolute discretion without in any way prejudicing or affecting its Rights against any other Party under the same or a like liability, whether joint and several or otherwise, or the Rights of any other Party.

**31.11 Survival of rights, duties and obligations**

31.11.1 Termination of this Agreement for any cause shall not release a Party from any liability which at the time of termination has already accrued to another Party or which thereafter may accrue in respect of any act or omission prior to such termination.

31.11.2 If a Party ceases to be a Party to this Agreement for any cause, such Party shall not be released from any liability which at the time of the cessation has already accrued to another Party or which thereafter may accrue in respect of any act or omission prior to such cessation.

**31.12 Waiver**

No failure of any Shareholder or the Company to exercise, and no delay by it in exercising, any Right shall operate as a waiver of that Right, nor shall any single or partial exercise of any Right preclude any other or further exercise of that Right or the exercise of any other Right.

**31.13 Variation**

No amendment to this Agreement shall be effective unless signed by or on behalf of each of the Principal Shareholders.

**31.14 No assignment**

31.14.1 Except as otherwise expressly provided in this Agreement (including pursuant to Clause 22.3), none of the Parties may, without the prior written consent of the others, assign, grant any security interest over, hold on trust or otherwise transfer the benefit of the whole or any part of this Agreement.

31.14.2 This Agreement shall be binding on the Parties and their respective successors and assigns.

**31.15 Further assurance**

Each of the Parties shall (i) from time to time execute such documents and perform such acts and things as any Party may reasonably request from time to time in order to carry out the intended purpose of this Agreement; (ii) vote its Shares so as to give full effect to this Agreement; (iii) cause each Director appointed by it to take all steps necessary to carry out the intended purposes of this Agreement; and (iv) use reasonable endeavours to procure that any necessary third party shall execute such documents and do such acts and things as may reasonably be required in order to carry out the intended purpose of this Agreement.

**31.16 Invalidity/severance**

31.16.1 If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the Parties.

31.16.2 To the extent it is not possible to delete or modify the provision, in whole or in part, under Clause 31.16.1 then such provision or part of it shall, to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this Agreement and the legality, validity and enforceability of the remainder of this Agreement shall, subject to any deletion or modification made under Clause 31.16.1, not be affected.

**31.17 Counterparts**

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any Party may enter into this Agreement by executing any such counterpart.

**31.18 Costs**

Each Party shall bear all costs incurred by it in connection with the preparation, negotiation and execution of this Agreement.

**31.19 Third party rights**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of, or enjoy any benefit under, this Agreement except that any person who enters into a Deed of Adherence in accordance with Clause 25.7 may enforce and rely on this Agreement to the same extent as if it were a party to it.

In witness of which this Agreement has been duly executed on the date set out on the first page hereof.

EXECUTED by [ ]  
on behalf of PJSC Sberbank of Russia:

}

[EXECUTED by [ ]  
on behalf of [«Digital assets» Limited]:]

}

EXECUTED by [ ]  
on behalf of Yandex N.V.:

}

EXECUTED by [ ]  
on behalf of Stichting Yandex.Market Equity Incentive:

}

EXECUTED by [ ]  
on behalf of Yandex.Market B.V.:

}

Schedule 1  
Deed of Adherence  
(Clause 25.7)

This Deed of Adherence is made on [ *date* ] by [ ], a company incorporated [in [ ]/under the laws of [ ]] under registered number [ ] whose [registered/principal office is at [ ]] (the " **New Shareholder** ").

Recitals :

(A) [ ] (the " **Transferor** ") is proposing to transfer to the New Shareholder [ *number* ] shares of [ ] each in the capital of Yandex.Market B.V. (the " **Company** ").

(B) This Deed of Adherence is entered into in compliance with Clause 25.7 ( *Deed of Adherence* ) of a shareholders' agreement made on [ *date* ] between (1) [ ], (2) [ ], and (4) [ ] as such agreement has been or may be amended, supplemented or novated from time to time (the " **Agreement** ").

It is agreed as follows:

- 1 The New Shareholder confirms that it has been supplied with and has read a copy of the Agreement.
- 2 The New Shareholder agrees (a) to assume the benefit of the rights of the Transferor under the Agreement (including any rights accrued in respect of the shares transferred by the Transferor) and (b) to observe, perform and be bound by all the obligations and terms of the Agreement capable of applying to the New Shareholder and which are to be performed on or after the date of this Deed, to the intent and effect that the New Shareholder shall be deemed with effect from the date on which the New Shareholder is registered as a member of the Company to be a party to the Agreement (as if named as a party to the Agreement).
- 3 This Deed is made for the benefit of (a) the original Parties to the Agreement and (b) any other person or persons who after the date of the Agreement (and whether or not prior to or after the date of this Deed) adhere to the Agreement.
- 4 The address of the New Shareholder for the purposes of Clause 31.4 ( *Notices* ) of the Agreement are as follows:  
[ • ]
- 5 Clauses 31.1 ( *Arbitration* ) and 31.2 ( *Governing law and submission to jurisdiction* ) of the Agreement shall apply to this Deed as if set out in full herein.

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

In *witness* of which this Deed has been executed and delivered as a deed on the date stated at the beginning of this Deed.

EXECUTED AND DELIVERED  
as a DEED by [ • ] acting by  
[ *name of director* ] a Director in  
the presence of:

}

Witness's signature:

Name:  
Address:

Occupation:

[Also to be executed by each other party hereto]



Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b 2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

AMENDMENT DEED TO CONTRIBUTION AGREEMENT

- (1) **MLU B.V.**, Schiphol Boulevard 165, 1118 BG Schiphol, Amsterdam, Netherlands (Registered Number 69160899) (the " **Company** ");
- (2) **Yandex N.V.**, of Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands (Registered Number 27265167) (" **Maple Leaf** ");
- (3) **Stichting Yandex Equity Incentive**, of Schiphol Boulevard 165, 1118 BG Schiphol, the Netherlands, and registered with the trade register of the Chamber of Commerce under number 57035504 (or any successor, the " **Foundation** "); and
- (4) **Uber International C.V.**, of Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda (Netherlands Registered Number 58046143) (" **United** ").

each being a " **Party** ", and together the " **Parties** ", to this letter agreement.

[31] January 2018

**Contribution Agreement**

1. We refer to the Contribution Agreement dated July 13, 2017 between the Company, Maple Leaf, the Foundation and United (the " **Contribution Agreement** ") (as amended, including pursuant to a side letter agreement between the Parties dated December 22, 2017 (the " **Completion Date Side Letter** ")).
2. The Parties have agreed to amend the terms of the Contribution Agreement \*\*.
3. All capitalised terms not defined herein shall have the same meaning given in the Contribution Agreement, and any reference in this Deed to a Section, clause, paragraph, schedule or Exhibit is, unless otherwise stated, a reference to a Section, clause, paragraph, schedule or Exhibit of the Contribution Agreement.
4. **Amendment to United Working Capital Adjustment and Completion Deliverables**
- 4.1 Section 2.8(d) shall be deleted in its entirety and replaced with the following:
  - " (d) If, and only if, upon final determination in accordance with the terms of this Section 2.8:
  - (i) the United Post-Completion Adjustment Amount is an amount less than \*\*, then, within \*\* of such final determination, United shall pay or cause to be paid to JV Newco or one of its designees, by wire transfer of immediately available funds, an amount in cash equal to the absolute value of the difference between the United Post-Completion Adjustment Amount and \*\*; or
  - (ii) the United Post-Completion Adjustment Amount is an amount greater than \*\*, then within \*\* of such final determination, JV Newco shall pay to United (or its direct or indirect wholly owned Subsidiary, as relevant), by wire transfer of immediately available funds, an amount in cash equal to the absolute value of the difference between the United Post-Completion Adjustment Amount and \*\*; and
  - (iii) the United Post-Completion Adjustment Amount is equal to \*\*, then no payment shall be required by any Party pursuant to this Section 2.8(d). "

- 4.2 Section 3.5 shall be amended by adding the following new paragraph (g) at the end thereof:  
"(g) a certificate duly executed by an authorized officer of United certifying that as of the Completion Date, the amount of cash and cash equivalents included in Current Assets of the United Business is not less than \*\* (and attaching a bank statement(s) or other evidence thereof)."
- 4.4 At the end of Section 3.5(e) "and" shall be deleted.
- 4.3 At the end of Section 3.5(f) the full stop shall be deleted and replaced with "; and".
5. **Amendment to Exhibit 11.1(e)**
- 5.1 Exhibit 11.1(e) to the Contribution Agreement shall be amended as set forth in Exhibit 1 hereto.
6. \*\*
7. \*\*
8. **Completion Date**
- 8.1 For the purposes of Section 3.1 of the Contribution Agreement and notwithstanding any other provision in the Contribution Agreement or Completion Date Side Letter to the contrary, each Party agrees that the Completion Date shall be a Business Day not later than \*\*, or such other date as the Parties may further agree in writing.
- 8.2 For the avoidance of doubt, each reference to " **Completion Date** " in the Contribution Agreement shall be a reference to the date referred to in Clause 8.1 of this Deed.
9. This Amendment constitutes the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes the Completion Date Side Letter and all prior agreements and understandings both written and oral, among the Parties with respect to the subject matter hereof (including, for the avoidance of doubt, the Contribution Agreement), and is not intended to confer upon any other person any rights or remedies hereunder. If there is any conflict between the provisions of this Clause 8 and of the Contribution Agreement, then, with respect to the subject matter hereof, this Clause 8 shall prevail to the extent of the inconsistency and as permitted by Applicable Law.
10. **Miscellaneous**
- 10.1 The provisions of Sections 12.2 ( Governing Law ), 12.3 ( Assignment; Binding Upon Successors and Assigns ), 12.4 ( Severability ), 12.5 ( Counterparts ), 12.6 (Other Remedies ), 12.7 ( Amendments and Waivers ), 12.8 ( Specific Performance ), 12.9 ( Notices ), 12.11 ( Third Party Beneficiary Rights ), 12.12 ( Dispute Resolution ), 12.13 ( Process Agent ), 12.17 ( No set off, deduction or counterclaim ), 12.22 ( Language ) and 12.23 ( Legal advice ) of the Contribution Agreement shall apply to this letter agreement mutatis mutandis.
- 10.2 Save as amended by this letter agreement, the Contribution Agreement shall remain in full force and effect on its existing terms.
11. Please confirm your agreement to the terms of this letter agreement by counter-executing below.

[Signature Page Next]



EXECUTED and DELIVERED as a DEED by )  
STICHTING YANDEX EQUITY INCENTIVE )  
a company incorporated in )  
the Netherlands )

By: **Yandex N.V**  
Title: Director

By: \_\_\_\_\_  
Name: A.A. de Cuba  
Title: Proxyholder/Legal Counsel  
in the presence of:

Signature of witness .....  
Name of witness .....  
(in BLOCK CAPITALS) .....  
Address of witness .....  
.....  
Occupation of witness .....

Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b 2 under the Securities Exchange Act of 1934. Confidential treatment has been requested with respect to the omitted portions. Double asterisks denote omissions.

EXECUTED and DELIVERED as a DEED by

NEBEN, LLC , acting in its own capacity and in its capacity as general partner of UBER INTERNATIONAL C.V. ,

A Dutch-law governed limited partnership

in the presence of:

)  
)  
) By: \_\_\_\_\_  
) Name: Francois Chadwick  
) Title: Member of IP Management Committee  
)

Signature of witness .....  
Name of witness .....  
(in BLOCK CAPITALS)  
Address of witness .....  
.....  
.....  
Occupation of witness .....



## SUBSIDIARIES OF YANDEX N.V.

Name of Subsidiary(1)	Jurisdiction of Organization
YANDEX LLC	Russia
GIS Technologies LLC	Russia
Kinopoisk LLC	Russia
Yandex.Classifieds LLC	Russia
Yandex.Classifieds Technology LLC	Russia
Yandex Cloud Technologies LLC	Russia
Yandex DC LLC	Russia
Yandex DC Vladimir LLC	Russia
Yandex.Market LLC	Russia
Yandex.Market Lab LLC	Russia
Yandex.OFD LLC	Russia
Yandex.Probki LLC(2)	Russia
Yandex.Taxi LLC	Russia
INO CPE SDA	Russia
Yandex.Autobuses LLC	Russia
Yandex.Medialab LLC	Russia
Zen Platform LLC	Russia
Yandex.Drive LLC	Russia
Clinic Yandex.Health LLC	Russia
BIGFOOD LLC	Russia
Yandex.Taxi Technology LLC	Russia
Yandex.Technologies LLC	Russia
Yandex.Food LLC	Russia
Yandex.Taxi AM LLC	Armenia
Yandex Advertising LLC	Belarus
YandexBel LLC	Belarus
Yandex Information Technology Co., Ltd. (Shanghai)	China
Yandex Oy	Finland
Yandex.Technology GmbH	Germany
SPB Software Ltd.	Hong Kong
YANDEX.ISRAEL Ltd.	Israel
DeIoam Management Limited	Cyprus
Yandex.Kazakhstan LLP	Kazakhstan
Yandex.Taxi Kazakhstan LLP	Kazakhstan
Yandex.Auto.ru AG	Switzerland
Yandex.Europe AG	Switzerland
Yandex.Services AG	Switzerland
Yandex.Europe B.V.	The Netherlands
Yandex.Taxi B.V.	The Netherlands
Yandex.Market B.V.	The Netherlands
Yandex.Taxi Holding B.V.	The Netherlands

MLU B.V.	The Netherlands
Yandex Inc.	Delaware, USA
SPB Software Inc.	Nevada, USA
Yandex.Taxi Ukraine LLC	Ukraine
Yandex.Ukraine LLC(2)	Ukraine
Yandex Advertising Services LC	Turkey

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(1) Directly or indirectly held

(2) Yandex N.V. owns a 99.9% interest

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**Certification by the Chief Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Arkady Volozh, certify that:

1. I have reviewed this annual report on Form 20-F of Yandex N.V. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 27, 2018

By: /s/ ARKADY VOLOZH  
Name: Arkady Volozh  
Title: Chief Executive Officer

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**Certification by the Chief Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Greg Abovsky, certify that:

1. I have reviewed this annual report on Form 20-F of Yandex N.V. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 27, 2018

By: /S/ GREG ABOVSKY

Name: Greg Abovsky

Title: Chief Operating Officer / Chief Financial Officer

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**Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 20-F of Yandex N.V. (the "Company") for the year ended December 31, 2017, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Arkady Volozh, as Chief Executive Officer of the Company, and Greg Abovsky, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2018

By: /s/ Arkady Volozh  
Name: Arkady Volozh  
Title: *Chief Executive Officer*

By: /s/ Greg Abovsky  
Name: Greg Abovsky  
Title: *Chief Operating Officer / Chief Financial Officer*

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## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors  
Yandex N.V.

We consent to the incorporation by reference in the registration statements (Nos. 333-177622 and 333-213317) on Form S-8, of Yandex N.V. of our reports dated March 27, 2018, with respect to the the consolidated balance sheet of Yandex N.V. as of December 31, 2017, and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity for the year ended December 31, 2017, and the related notes (collectively, the "consolidated financial statements") and the effectiveness of internal control over financial reporting as of December 31, 2017, which reports appear in the December 31, 2017 annual report on Form 20-F of Yandex N.V.

Our report dated March 27, 2018, refers to the translation of the consolidated financial statements as of and for the year ended December 31, 2017 into United States dollars presented solely for the convenience of the reader. In addition, our report refers to change in accounting, and to our audit of the adjustments that were applied to reflect such change in the 2016 and 2015 consolidated financial statements, as more fully described in Note 2. However, we were not engaged to audit, review, or apply any procedures to the 2016 and 2015 consolidated financial statements other than with respect to such adjustments.

/s/ JSC "KPMG"

Moscow, Russia  
March 27, 2018

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-177622 on Form S-8, Registration Statement No. 333-213317 on Form S-8 and No. 333-187184 on Form F-3 of our report dated March 22, 2017, relating to the consolidated financial statements for the years ended December 31, 2016 and 2015 (before retrospective adjustments to the financial statements of Yandex N.V. and subsidiaries ("the Company")) (not presented herein) (which report expresses an unqualified opinion on the financial statements and includes an explanatory paragraph referring to translations of Russian ruble amounts into U.S. dollar amounts presented solely for the convenience of the readers in the United States of America), appearing in this Annual Report on Form 20-F of the Company for the year ended December 31, 2017.

/s/ ZAO Deloitte & Touche CIS  
Moscow, Russia  
March 27, 2018

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

March 27, 2018

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549- 7561

Dear Sirs/Madams

We have read Item 16F of Yandex N.V.s Form 20-F dated March 27, 2018, and have the following comments:

1. We agree with the statements contained in the third and fourth paragraphs and the first two sentences of the fifth paragraph therein.
2. We have no basis on which to agree or disagree with other statements of the registrant contained therein.

Yours truly,

/s/ ZAO Deloitte & Touche CIS

Moscow, Russia

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