

YELP INC  
Form 424B5  
October 29, 2013  
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Filed pursuant to Rule 424(b)(5)  
Registration No. 333-191967

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion. Dated October 29, 2013.**

**Preliminary Prospectus Supplement**

**(To Prospectus dated October 29, 2013)**

**\$250,000,000**

**Class A Common Stock**

We are selling \$250,000,000 of our Class A common stock, par value \$0.000001 per share.

We have two classes of authorized and outstanding common stock: Class A common stock and Class B common stock. The rights of the holders of our Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of our Class A common stock is entitled to one vote per share. Each share of our Class B common stock is entitled to ten votes per share and is convertible at any time into one share of our Class A common stock. Outstanding shares of our Class B common stock will represent approximately 68% of the voting power of our outstanding capital stock immediately following this offering.

Our Class A common stock is listed on The New York Stock Exchange under the trading symbol **YELP**. On October 28, 2013, the last reported sale price of our Class A common stock was \$67.59 per share.

*See **Risk Factors** beginning on page S-12 of this prospectus supplement and page 7 of the accompanying prospectus to read about factors you should consider before buying shares of our Class A common stock.*

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	Per Share	Total
Public offering price	\$	\$
Underwriting discount(1)	\$	\$
Proceeds, before expenses, to Yelp	\$	\$

(1) See Underwriting.

To the extent the underwriters sell more than \$250,000,000 of Class A common stock, the underwriters have the option to purchase up to an additional 15% of the number of shares of our Class A common stock offered hereby from us at the price to public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on \_\_\_\_\_, 2013.

**Goldman, Sachs & Co.**

**Citigroup**

**Jefferies**

**Oppenheimer & Co.**

**Cowen and Company**

Prospectus Supplement dated \_\_\_\_\_, 2013.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement and the accompanying prospectus form part of a registration statement on Form S-3 that Yelp Inc. filed with the Securities and Exchange Commission, or SEC, using the shelf registration process. Under this process, among other transactions, we may offer and sell the shares of Class A common stock described in this prospectus supplement.

This prospectus supplement describes the terms of the offering of our Class A common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The accompanying prospectus, dated October 29, 2013, including the documents incorporated by reference, provides more general information.

Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus supplement and the accompanying prospectus, including the information incorporated by reference into this prospectus supplement and the accompanying prospectus, or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement is an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated herein and therein by reference, and any free writing prospectus that we have authorized for use in connection with this offering, are accurate only as of their respective dates, regardless of the time of delivery of any such document, or of any sale of securities. Our business, financial condition, results of operations and prospects may have changed since those dates. It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated herein and therein by reference, and any free writing prospectus that we have authorized for use in connection with this offering, in making your investment decision. The descriptions set forth in this prospectus supplement replace and supplement, where inconsistent, the description of the general terms and provisions set forth in the accompanying prospectus.

Unless the context otherwise indicates, where we refer in this prospectus supplement to our mobile application or mobile app, we refer to all of our applications for mobile-enabled devices. Similarly, references to our website refer to both the U.S. and international versions of our website, as well as the versions of our website dedicated to mobile-based browsers.

In the fourth quarter of 2012, we acquired Qype GmbH, a Germany-based reviews website. Although not material to our business to date, we began including traffic, content and local business activity from each Qype market in our key metrics following our migration of such market to the Yelp platform. Accordingly, the key metrics presented in this prospectus supplement as of and for the quarter ended September 30, 2013 include the traffic, content and local business activity of the Qype markets that had been migrated to the Yelp platform as of September 30, 2013: Brazil, France, Ireland, Italy, Spain and the United Kingdom.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information contained elsewhere in this prospectus supplement, the accompanying prospectus or the documents we incorporate by reference, and does not contain all of the information that you need to consider in making your investment decision. You should carefully read this entire prospectus supplement, the accompanying prospectus and any related free writing prospectus, including the risks of investing in our Class A common stock discussed under the heading "Risk Factors" contained in this prospectus supplement, the accompanying prospectus and any related free writing prospectus, and under similar headings in the other documents that are incorporated by reference herein and therein. You should also carefully read the information incorporated by reference into this prospectus supplement and the accompanying prospectus, including our financial statements and the exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus are a part. Unless the context requires otherwise, references in this prospectus to Yelp, the Company, we, us and our refer to Yelp Inc. and its subsidiaries.*

**Yelp Inc.**

**Overview**

Yelp connects people with great local businesses. Our users have contributed a total of approximately 47.3 million cumulative reviews of almost every type of local business, from restaurants, boutiques and salons to dentists, mechanics, plumbers and more. These reviews are written by people using Yelp to share their everyday local business experiences, giving voice to consumers and bringing word of mouth online. The information these reviews provide is valuable for consumers and businesses alike. Approximately 117.4 million unique visitors used our website according to Google Analytics, a product from Google, Inc. that provides digital marketing intelligence, and our mobile application was used on approximately 11.2 million unique mobile devices on a monthly average basis during the quarter ended September 30, 2013. Businesses of all sizes use our platform to engage with consumers at the critical moment when they are deciding where to spend their money. Our business revolves around three key constituencies: the contributors who write reviews, the consumers who read them and the local businesses that they describe.

*Contributors.* We foster and support vibrant communities of contributors in local markets across the United States, Canada, Europe, Brazil, Singapore, New Zealand and Australia. These contributors provide rich, firsthand information about local businesses, such as reviews, ratings and photos. Yelp users have contributed a total of approximately 47.3 million cumulative reviews, which include, as of September 30, 2013, approximately 43.9 million reviews available on business profile pages, including approximately 11.0 million reviews that were being filtered, after accounting for the approximately 3.4 million reviews that had been removed from our platform, either by us for violation of our terms of service or by the users who contributed them.

*Consumers.* Our platform is transforming the way people discover and engage with local businesses, and is attracting a large audience of geographically and demographically diverse consumers. Every day, millions of consumers visit our website or use our mobile app to find great local businesses. Our strong brand and the quality of the review content on our platform have enabled us to attract this large audience with low traffic acquisition costs.

*Local Businesses.* Our platform provides local businesses with a variety of free and paid services that help them engage with consumers at the critical moment when they are deciding where to spend their money. Local businesses can register a business account for free and claim their Yelp

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business page for each of their locations, allowing them to enhance the page with additional information about their businesses and respond to consumer reviews, among other features. Local businesses can also pay for premium services to promote themselves through targeted search advertising, discounted offers and further enhancements to their business page.

*Powerful Network Effect.* Our platform helps people find and engage with great local businesses to meet their everyday needs. As more people use our platform, more of them write reviews, add photos and tips. Each review, photo or tip that a user contributes helps expand the breadth and depth of the content on our platform, drawing in more consumers and more prospective contributors. This increase in consumer traffic and content improves our value proposition to local businesses as they seek low-cost, easy-to-use and effective advertising solutions to target a large number of intent-driven consumers.

*Yelp Mobile.* We help consumers make decisions on the go through both our mobile app and versions of our website dedicated to mobile-based browsers, which we refer to as our mobile website. Our mobile app was recognized by Time magazine as one of the 50 Best iPhone apps in 2012 and was recognized by PC Magazine as one of the 50 Best Free iPhone Apps in 2012. Mobile searches, excluding iType-related searches and impression-based advertisements, accounted for approximately 62% of all searches on our platform in the three months ended September 30, 2013, up from 54% from the same period in the prior year, and for approximately 46% of all ad impressions on our platform in the three months ended September 30, 2013, with mobile app advertising launched in the quarter ended December 31, 2012. We expect mobile device usage to continue to grow and believe that use of our mobile app and mobile website are complementary to the use of our website on personal computers. However, if mobile device usage is a substitute for, rather than incremental to, usage of our website on personal computers and our mobile advertising solutions prove ineffective, this trend could adversely impact our business.

As our community has grown and our product offerings have expanded, we have seen significant growth in reviews, traffic, claimed local business locations and active local business accounts:

Our users have contributed a total of approximately 47.3 million cumulative reviews to our platform as of September 30, 2013, up 42% from the same period in the prior year. Of these reviews, approximately 43.9 million reviews available on business profile pages, including approximately 11.0 million reviews that were being filtered, after accounting for the approximately 3.4 million reviews that had been removed from our platform as of September 30, 2013. Although they do not factor into a business's overall star rating, we provide access to filtered reviews because they provide additional perspectives and information on reviewed businesses, as well as transparency of the efficacy of the filtering process.

We had approximately 117.4 million unique visitors on a monthly average basis for the quarter ended September 30, 2013, up 41% from the same period in the prior year.

We had approximately 1.3 million claimed business locations as of September 30, 2013, up 51% from the same period in the prior year.

We recognized revenue from approximately 57,200 active local business accounts for the quarter ended September 30, 2013, up 58% from the same period in the prior year.

We highlight below the breakdown by industry of local businesses that have received reviews on our platform through September 30, 2013. The chart below includes information based upon all contributed reviews and include some businesses that have only received reviews that are being filtered or have been removed.

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As of September 30, 2013, we are active in 60 cities or regions where we have hired a Community Manager, a local resident who helps increase awareness of our platform and who fosters a local community of contributors, which we refer to as Yelp markets, in the United States and 51 Yelp markets internationally. This footprint represents a small portion of the potential domestic and international markets that we are currently targeting for expansion. Our domestic expansion plans include growth in our existing markets as well as expansion into new markets, many of which are smaller than our current markets, as we look to expand our breadth of coverage.

Internationally, as we are in the early stages of establishing our footprint, we are targeting a mix of both large and small markets. In October 2012, we acquired Qype GmbH, a Germany-based reviews website, or Qype, through our wholly-owned subsidiary, Yelp Ireland Ltd. We believe the acquisition of Qype will accelerate the expansion of our international footprint in Europe, and together we will have a substantially increased presence in these markets. As of September 30, 2013, we had migrated six Qype markets Brazil, France, Ireland, Italy, Spain and the United Kingdom to the Yelp platform. For the nine months ended September 30, 2013, revenue generated internationally accounted for five percent of our total revenue.

As we continue to launch new markets, we believe that we will follow a similar pattern of investment preceding revenue growth. In accordance with our market development strategy, at scale, our platform reaches a critical mass of reviews, consumers and claimed local business accounts, and we begin an active sales effort with local businesses. Thereafter, our largest expense is related to sales efforts to attract local business advertising customers. In Yelp markets that have attained this level of development, we expect to achieve economies of scale and operating cost leverage. To further illustrate the development of our markets as they scale, we highlight below our review and revenue metrics for three cohorts of Yelp markets in the United States: the Yelp markets that we launched in 2005-2006; the Yelp markets that we launched in 2007-2008; and the Yelp markets that we launched

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in 2009-2010. In the markets we have entered, review growth and consumer activity are generally followed by revenue generated from local businesses.

U.S. Market Cohort		Number of Yelp Markets <sup>(1)</sup>	Average Cumulative Reviews as of Sept. 30, 2013 <sup>(2)</sup>	Year-Over-Year Growth in Average Cumulative Reviews <sup>(3)</sup>	Average Local Advertising Revenue in the Three-Month Period Ended Sept. 30, 2013 <sup>(4)</sup>	Year-Over-Year Growth in Average Local Advertising Revenue <sup>(5)</sup>
2005	2006	6	3,396	35%	\$3,832	57%
2007	2008	14	715	35%	\$ 954	74%
2009	2010	18	221	54%	\$ 213	99%

- (1) A Yelp market is defined as a city or region in which we have hired a Community Manager.
- (2) Average cumulative reviews is defined as the total cumulative reviews of the cohort as of September 30, 2013 (in thousands), including reviews that were then being filtered or had been removed from our platform, divided by the number of Yelp markets in the cohort.
- (3) Year-over-year growth in average cumulative reviews compares average cumulative reviews as of September 30, 2013 with average cumulative reviews as of September 30, 2012.
- (4) Average local advertising revenue is defined as the total local advertising revenue from businesses in the cohort for the three-month period ended September 30, 2013 (in thousands) divided by the number of Yelp markets in the cohort.
- (5) Year-over-year growth in average local advertising revenue compares local advertising revenue for the three-month period ended September 30, 2013 with local advertising revenue for the three-month period ended September 30, 2012.

We expect to invest in product development to expand our platform by innovating and introducing new products to our website and mobile applications. For example, on July 24, 2013, we acquired SeatMe, Inc., a web- and app-based reservation solution for restaurant and nightlife establishments, or SeatMe. We believe the acquisition of SeatMe will both enhance user experience and complement our existing partnership arrangements.

We generate revenue primarily from the sale of advertising on our website and mobile app to local businesses and national brands that seek to reach our growing audience of consumers. During the quarter ended September 30, 2013, we generated net revenue of \$61.2 million, representing 68% growth over the same period in the prior year, a net loss of \$2.3 million and an adjusted EBITDA of \$8.1 million. For information on how we define and calculate the number of contributed reviews, unique visitors, claimed local business locations, active local business accounts and adjusted EBITDA, and a reconciliation of adjusted EBITDA to net loss, see Summary Consolidated Financial and Other Data.

**Company Information**

We were incorporated in Delaware on September 3, 2004 under the name Yelp, Inc., and we changed our name in late September 2004 to Yelp! Inc. and in February 2012 to Yelp Inc. Our principal executive offices are located at 140 New Montgomery Street, 9th Floor, San Francisco, California 94105, and our telephone number is (415) 908-3801. Our website address is [www.yelp.com](http://www.yelp.com). Information found on, or accessible through, our website is not a part of, and is not incorporated into, this prospectus supplement, and you should not consider it part of this prospectus supplement. Our website address is included in this prospectus supplement as an inactive textual reference only.



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Yelp, Yelp Inc., the Yelp logo and other service marks, trademarks and trade names appearing in this prospectus supplement are the property of Yelp. Service marks, trademarks and trade names of other companies included or incorporated by reference into this prospectus supplement are the property of their respective owners.

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Class A common stock offered by us	3,698,772 shares(1)
Option to purchase additional shares of Class A common stock from us	554,815 shares(2)
Class A common stock to be outstanding after this offering	57,272,069 shares (57,826,884 shares if the underwriters' option to purchase additional shares is exercised in full)(1)
Class B common stock to be outstanding after this offering	12,400,324 shares
Total Class A and Class B common stock to be outstanding after this offering	69,672,393 shares (70,227,208 shares if the underwriters' option to purchase additional shares is exercised in full)(1)
Voting rights	We have two classes of authorized and outstanding common stock: Class A common stock and Class B common stock. The rights of the holders of our Class A and Class B common stock are identical, except with respect to voting and conversion. The holders of our Class A common stock are entitled to one vote per share, and the holders of our Class B common stock are entitled to 10 votes per share, on all matters that are subject to a stockholder vote. Each share of our Class B common stock may be converted into one share of our Class A common stock at any time at the election of the holder thereof, and will be automatically converted into one share of Class A common stock upon the earlier of (i) the date specified by a vote of the holders of 66 <sup>2</sup> / <sub>3</sub> % of the outstanding shares of Class B common stock, and (ii) transfer thereof. In addition, all shares of our Class A common stock and Class B common stock will automatically convert into a single class of common stock upon the earlier of (x) the date on which the number of outstanding shares of our Class B common stock represents less than 10% of the aggregate combined number of outstanding shares of our Class A common stock and Class B common stock, and (y) March 1, 2019. See "Description of Capital Stock" in the accompanying prospectus for additional information.
Use of proceeds	We intend to use the net proceeds from this offering for working capital and general corporate purposes, including sales and marketing activities, general and administrative matters and capital expenditures. In addition, we may use a portion of the proceeds for

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the acquisition of, or investment in, technologies, solutions or businesses that complement our business, although we have no present commitments or agreements to enter into any such acquisitions or investments.

Risk factors

See Risk Factors beginning on page S-6 of this prospectus supplement, as well as the Risk Factors contained in our Form 10-Q for the quarter ended September 30, 2013, incorporated by reference herein for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.

NYSE symbol

YELP

- (1) The number of shares of our Class A common stock offered by us in this offering and outstanding after the offering is based on an aggregate offering of \$250.0 million at an assumed price of \$67.59, the last reported sale price of our Class A common stock on the New York Stock Exchange on October 28, 2013.
- (2) Based on an option to be granted to the underwriters to purchase up to 15% of the Class A common stock offered by us in this offering. The number of shares of Class A and Class B common stock to be outstanding after this offering is based on 53,573,297 shares of our Class A common stock and 12,400,324 shares of our Class B common stock outstanding as of September 30, 2013, and excludes as of such date:

5,488,797 shares of Class B common stock issuable upon the exercise of outstanding stock options pursuant to our Amended and Restated 2005 Equity Incentive Plan and our 2011 Equity Incentive Plan, at a weighted-average exercise price of \$7.43 per share;

5,967,111 shares of Class A common stock issuable upon the exercise of outstanding stock options pursuant to our 2012 Equity Incentive Plan, as amended, or the 2012 Plan, at a weighted-average exercise price of \$26.16 per share;

369,419 shares of Class A common stock issuable or subject to release upon the vesting of outstanding restricted stock awards and restricted stock units pursuant to our 2012 Plan;

2,751,434 additional shares of Class A common stock reserved for future issuance under our 2012 Plan, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this benefit plan; and

2,320,105 shares of Class A common stock reserved for issuance under our 2012 Employee Stock Purchase Plan, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this benefit plan.

In addition, unless we specifically state otherwise, all information in this prospectus supplement (other than historical financial statements) is as of September 30, 2013 and assumes no exercise of the underwriters' option to purchase additional shares of our Class A common stock.

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The following tables summarize our consolidated financial and other data. We have derived the consolidated statements of operations data for the years ended December 31, 2010, 2011 and 2012 and the consolidated balance sheet data as of December 31, 2011 and 2012 from our audited consolidated financial statements incorporated by reference into this prospectus supplement. The summary consolidated statements of operations data for the nine months ended September 30, 2012 and 2013 and the summary consolidated balance sheet data as of September 30, 2013 have been derived from our unaudited interim consolidated financial statements incorporated by reference into this prospectus supplement.

We have included, in our opinion, all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of the results that should be expected in the future, and our interim results for the nine months ended September 30, 2013 are not necessarily indicative of the results that should be expected for the full year 2013 or any other period.

You should read this summary consolidated financial data together with Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited and unaudited consolidated financial statements and related notes, included in our annual report on Form 10-K for the year ended December 31, 2012, or our quarterly report on Form 10-Q for the quarter ended September 30, 2013, incorporated by reference into this prospectus supplement.

	Years Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
	(in thousands, except per share data)				
	(unaudited)				
Net revenue	\$ 47,731	\$ 83,285	\$ 137,567	\$ 96,410	\$ 162,337
Costs and expenses:					
Cost of revenue	3,137	5,931	9,928	6,925	11,635
Sales and marketing	33,919	54,539	85,915	60,404	93,123
Product development	6,560	11,586	20,473	14,230	26,441
General and administrative	11,287	17,234	31,531	23,679	29,447
Depreciation and amortization	2,334	4,238	7,223	4,802	7,931
Restructuring & integration costs			1,262		675
Contribution to The Yelp Foundation		5,928			
Total costs and expenses	57,237	99,456	156,332	110,040	169,252
Loss from operations	(9,506)	(16,171)	(18,765)	(13,630)	(6,915)
Other income (expense), net	15	(395)	(226)	(23)	(298)
Loss before income taxes	(9,491)	(16,566)	(18,991)	(13,653)	(7,213)
Provision for income taxes	(75)	(102)	(122)	(142)	(786)
Net loss	(9,566)	(16,668)	(19,113)	(13,795)	(7,999)
Accretion of redeemable convertible preferred stock	(175)	(189)	(32)	(31)	
Net loss attributable to common stockholders (Class A and B)	\$ (9,741)	\$ (16,857)	\$ (19,145)	\$ (13,826)	\$ (7,999)
Net loss per share attributable to common stockholders:					
Basic	(0.71)	(1.10)	(0.35)	(0.27)	(0.12)
Diluted	(0.71)	(1.10)	(0.35)	(0.27)	(0.12)



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