IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS THAT ARE QPS (EACH AS DEFINED BELOW) OR (2) NON-U.S. PERSONS OR ADDRESSEES OUTSIDE OF THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the prospectus following this page (the "Prospectus"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT") AND THE SECURITIES HAVE NOT BEEN, AND WILL NOT, BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS AND WHICH DOES NOT REQUIRE THE ISSUER TO REGISTER UNDER THE INVESTMENT COMPANY ACT.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Prospectus or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers ("QIBs") (within the meaning of Rule 144A under the Securities Act) that are qualified purchasers (within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended) ("QPs") or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the United States who are not acting for the account or benefit of U.S. persons. This Prospectus is being sent at your request and by accepting the e-mail and accessing this Prospectus, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs that are QPs or (b) not a U.S. person and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and (2) that you consent to delivery of such Prospectus by electronic transmission.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Prospectus to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the issuer in such jurisdiction.

This communication is only directed at persons who (i) are outside the United Kingdom or (ii) are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order") or (iii) are persons falling within Article 49(2)(a) to (e) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this communication.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited or The Royal Bank of Scotland plc (the "Lead Managers") or any person who controls any of them, nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from any of the Lead Managers.

US$500,000,000 6.493% Loan Participation Notes due 2016
and
US$1,000,000,000 7.748% Loan Participation Notes due 2021
each issued by, but with limited recourse to, VIP Finance Ireland Limited,
for the sole purpose of funding a corresponding loan to

Open Joint Stock Company "Vimpel-Communications"

Issue Price: 100.0%

Open Joint Stock Company "Vimpel-Communications" ("VimpelCom") is a telecommunications operator, providing voice and data services through a range of wireless, fixed and broadband technologies. The VimpelCom group of companies includes companies operating in Russia, Kazakhstan, Ukraine, Uzbekistan, Armenia, Tajikistan, Georgia, Kyrgyzstan, Vietnam and Cambodia, covering territory with a total population of approximately 345.0 million.

VIP Finance Ireland Limited, a private limited liability company established under the laws of Ireland (the "Issuer"), is offering an aggregate principal amount of US$500,000,000 in the form of 6.493% loan participation notes due 2016 (the "A Notes") for the sole purpose of funding a five-year loan (the "A Loan") to VimpelCom under the terms of a loan agreement, dated January 28, 2011 (the "A Loan Agreement") and an aggregate principal amount of US$1,000,000,000 in the form of 7.748% loan participation notes due 2021(the "B Notes," and together with the A Notes, the "Notes") for the sole purpose of funding a ten-year loan (the "B Loan," and together with the A Loan, the "Loans") to VimpelCom under the terms of a loan agreement, dated January 28, 2011(the "B Loan Agreement," and together with the A Loan Agreement, the "Loan Agreements"). The Issuer will charge by way of security to BNY Corporate Trustee Services Limited, as trustee (the "Trustee"), its rights to principal, premium (if any), interest and additional amounts (if any) under each of the Loan Agreements (other than certain reserved rights) as well as certain sums held in an account of the Issuer relating to such Loan Agreement, and will transfer certain of its administrative rights under each of the Loan Agreements to the Trustee upon the closing of the offering of the Notes (the "Offer") for the benefit of the holders of the relevant Notes (the "Noteholders"). The Loans will rank equal in right of payment with VimpelCom's other outstanding unsecured and unsubordinated indebtedness.

The Issuer will only be obligated to make payments of principal, premium (if any), interest and additional amounts (if any) to Noteholders to the extent that VimpelCom makes payments to the Issuer's account of all principal, premium (if any), interest and additional amounts (if any) under the terms of the relevant Loan Agreement. The Issuer will have no other financial obligation under the Notes. The Notes will bear interest at an annual rate. Payments on the Notes will be made free and clear of, and without withholding or deduction for, any taxes save those required by law. Noteholders will be deemed to have accepted and agreed that they will be relying solely on the credit and financial standing of VimpelCom in respect of the obligations of VimpelCom as borrower under the Loan Agreements.

Other than as described in this prospectus and in the trust deeds relating to each of the A Notes and B Notes to be entered into between the Issuer and the Trustee on or about February 2, 2011 (the "Trust Deeds"), the Noteholders have no proprietary or other direct interest in the Issuer's rights under or in respect of the Loan Agreements or the Loans. Subject to the terms of each Trust Deed, no Noteholder will have any right to enforce any of the provisions in the relevant Loan Agreement or have direct recourse to VimpelCom except through action by the Trustee.

This prospectus has been approved by the Central Bank of Ireland (the "Central Bank") as competent authority under Directive 2003/71/EC (the "Prospectus Directive"). The Central Bank only approves this prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange (the "Irish Stock Exchange") for the Notes to be admitted to the official list (the "Official List") and trading on its regulated market. This Prospectus constitutes a "prospectus" for the purposes of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations" which implement the Prospectus Directive in Ireland). References in this prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the regulated market of the Irish Stock Exchange. There can be no assurance that a trading market in the Notes will develop or be maintained.

AN INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE THE SECTION OF THIS PROSPECTUS ENTITLED "RISK FACTORS" BEGINNING ON PAGE 21 OF THIS PROSPECTUS.

The Notes and the Loans have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under any securities laws of any other jurisdiction. The Notes will be offered and sold outside the United States to non-U.S. persons in offshore transactions as defined in and in reliance on Regulation S under the Securities Act and in the United States to persons that are both qualified institutional buyers ("QIBs") (within the meaning of Rule 144A under the Securities Act) and qualified purchasers ("QPs") (within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act")) in reliance on an exemption from registration pursuant to Rule 144A under the Securities Act. The Issuer has not been and will not be registered under the Investment Company Act. Prospective purchasers of the Notes are hereby notified that the Issuer of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on the transfer of the Notes, see "Form of Notes and Transfer Restrictions."

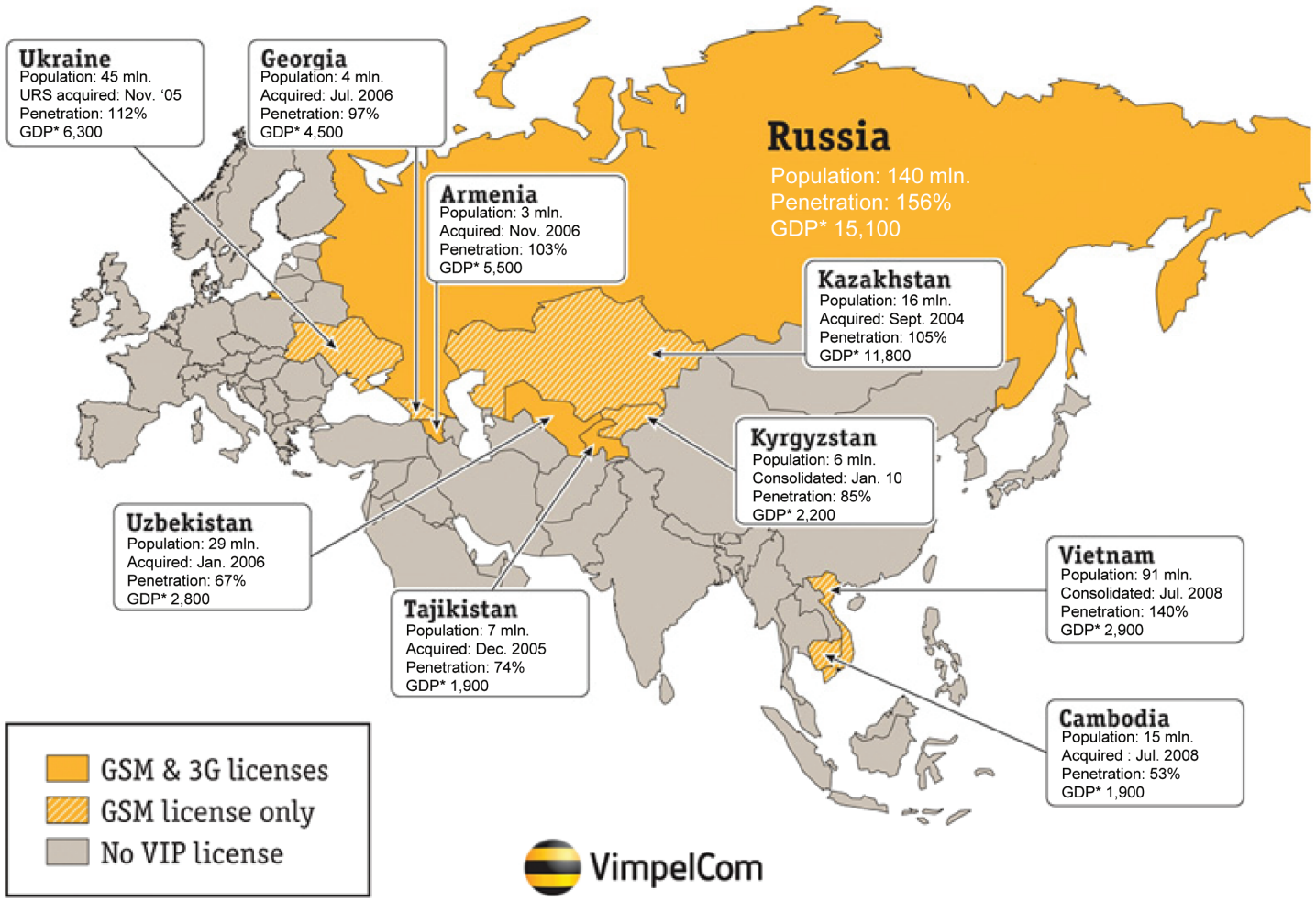
The Notes will be ready for delivery in book-entry form only through the facilities of Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and The Depository Trust Company ("DTC") on or about February 2, 2011.

Lead Managers

Barclays Capital, BNP PARIBAS, Citi, The Royal Bank of Scotland

The date of this prospectus is January 28, 2011.

Map of Operations



Source: *GDP per capita, US$, latest available at CIA Factbook
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IMPORTANT INFORMATION ABOUT THE OFFER

For information about Open Joint Stock Company "Vimpel-Communications" ("VimpelCom"), this offering (the "Offer") and the terms and conditions of the Notes, you should rely only on the information contained in this prospectus. Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited and The Royal Bank of Scotland plc (collectively, the "Lead Managers" and each a "Lead Manager"), VimpelCom, the Issuer and the Trustee have not authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus is accurate as of the date of this prospectus only. VimpelCom's business, financial condition, results of operations and the information set forth in this prospectus may have changed since that date.

VimpelCom and the Issuer accept responsibility for the information contained in this prospectus. To the best of the knowledge and belief of VimpelCom and the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

VimpelCom, having made all reasonable inquiries, confirms that (i) this prospectus contains all information with respect to VimpelCom, its subsidiaries, the Loan Agreements and the Notes that is material to the Offer; (ii) such information is true and accurate in every material respect and is not misleading in any material respect; (iii) the opinions, assumptions and intentions expressed in this prospectus on the part of VimpelCom are honestly held or made, have been reached after considering all relevant circumstances, are based on reasonable assumptions and are not misleading in any material respect; (iv) this prospectus does not contain any untrue statement of a material fact nor does it omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading; and (v) all proper inquiries have been made to ascertain and verify the foregoing. Accordingly, other than as provided above and in the paragraph below, VimpelCom accepts responsibility for the information contained in this prospectus.

Notwithstanding the preceding paragraph, VimpelCom obtained the market data used in this prospectus from internal surveys, industry sources, government sources and publicly available information. Although VimpelCom believes that its sources are reliable, information and data from industry and government sources has not been independently verified by VimpelCom, the Lead Managers, the Issuer or the Trustee or any of their respective affiliates or agents. VimpelCom confirms that the market data from internal surveys, industry sources, government sources and publicly available information used in this prospectus has been accurately reproduced and that as far as it is aware and is able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading, but none of VimpelCom, the Lead Managers, the Issuer or the Trustee nor any of their respective affiliates or agents makes any further representation or warranty relating thereto.

Each Noteholder participating in the Offer will be deemed to have made certain acknowledgments, representations and agreements as set forth under the section of this prospectus entitled "Form of Notes and Transfer Restrictions." The Issuer has not been and will not be registered under the Investment Company Act. The Notes have not been registered under the Securities Act or any state securities laws or the laws of any other jurisdiction, are subject to restrictions on transferability and resales, and unless so registered, may not be transferred or resold except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws and which does not require the Issuer to register under the Investment Company Act. Each purchaser of Notes should be aware that it may be required to bear the financial risks of this investment for an indefinite period of time.

None of the Lead Managers, the Trustee or the Issuer, makes any representation or warranty, express or implied, as to the accuracy or completeness of any of the information in this prospectus. Each person receiving this prospectus acknowledges that such person has not relied on any Lead Manager, the Issuer or the Trustee in connection with its investigation of the accuracy of such information or its investment decision. Each person contemplating accepting the Offer and making an investment in the Notes must make its own investigation and analysis of the creditworthiness of VimpelCom and its own determination of the suitability of such investment, with particular reference to its own investment objectives and experience, and any other factors that may be relevant to it in connection with such investment. No person has been authorized in connection with the Offer to make or provide any representation or information regarding VimpelCom or the Notes other than as contained in this prospectus.

Any such representation or information should not be relied upon as having been authorized by VimpelCom, the Lead Managers, the Issuer or the Trustee.

Neither the delivery of this prospectus nor the offering, sale or delivery of any Note in the Offer shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of VimpelCom or the Issuer since the date of this prospectus. Unless otherwise indicated, all information in this prospectus is given as of the date hereof.

This prospectus does not constitute an offer of, or the solicitation of an offer to buy, the Notes in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of this prospectus and the offering, sale and delivery of the Notes in the Offer in certain jurisdictions may be restricted by law.

Persons into whose possession this prospectus comes are required by the Lead Managers, the Issuer and the Trustee to inform themselves about and to observe any such restrictions. This prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorized or is unlawful. For a description of certain further restrictions on offers, sales and deliveries of the Notes and distribution of this information, see the section of this prospectus entitled "Subscription and Sale."

None of VimpelCom, the Lead Managers, the Issuer, the Trustee and any of their respective affiliates or agents makes any representation about the legality of the acceptance of the Offer or the purchase of, or exchange for, the Notes by an investor under applicable investment or similar laws. Each prospective investor is advised to consult its own counsel and business adviser as to legal, business and related matters concerning the acceptance of the Offer and the Notes. The contents of this prospectus are not to be construed as legal, business or tax advice.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required of it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of VimpelCom, the Lead Managers, the Issuer and the Trustee or any of their respective affiliates or agents shall have any responsibility therefor.

This prospectus contains summaries intended to be accurate with respect to certain terms of each of the Trust Deeds and Agency Agreements, but reference is made to the actual documents, certain of which will be made available free of charge to prospective investors upon request to the Issuer, VimpelCom or at the office of the principal paying agent in London, for complete information with respect thereto, and all summaries are qualified in their entirety by such reference.

The Issuer may, on our behalf, withdraw the Offer at any time, and we, the Issuer and the Lead Managers reserve the right to reject any offer to purchase the Notes in whole or in part and to sell to any prospective investor less than the full amount of Notes sought by such investor. The Lead Managers and certain related entities may acquire a portion of the Notes for their own account.

This prospectus has been filed with and approved by the Central Bank as required by the Prospectus Regulations. Upon approval of this Prospectus by the Central Bank, this Prospectus will be filed with the Irish Companies Registration Office in accordance with Regulation 38(1)(b) of the Prospectus Regulations.

Any investment in Notes does not have the status of a bank deposit and in not within the scope of the deposit protection scheme operated by the Central Bank. The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes.

The Notes have not been recommended by or approved by the SEC or any other federal or state securities commission or regulatory authority, nor has any commission or regulatory authority passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

STABILIZATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, BNP PARIBAS (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON ITS BEHALF) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE NEW HAMPSHIRE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN THE UK

This communication is only directed at persons who (i) are outside the United Kingdom or (ii) are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**") or (iii) are persons falling within Article 49(2)(a) to (e) of the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this communication.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This prospectus has been prepared on the basis that all offers of Notes other than the offer(s) contemplated in this prospectus in Ireland, once the prospectus has been approved by the competent authority in such Member State and published in accordance with the Prospectus Directive (2003/71/EC) as implemented in Ireland, will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of Notes. Accordingly any person making or intending to make any offer within the EEA of Notes which are the subject of the placement contemplated in this prospectus should only do so in circumstances in which no obligation arises for the Issuer, VimpelCom or the Lead Managers to produce a prospectus for such offer. Neither the Issuer, VimpelCom nor the Lead Managers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Issuer on behalf of VimpelCom which constitute the final placement of Notes contemplated in this prospectus.

NOTICE TO INVESTORS IN HONG KONG

The contents of this prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice from your broker, bank manager, solicitor, professional accountant, financial advisor, or other professional advisor. This prospectus and the information contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong. This Offer is not an offer for sale to the public in Hong Kong and it is not the intention of the Issuer that the Notes be offered for sale to the public in Hong Kong.

NOTICE TO INVESTORS IN SINGAPORE

This prospectus has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes offered in this Offer may not be circulated or distributed, nor may the Notes offered in this Offer be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes offered in this Offer are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation, which is not an accredited investor (as defined in Section 4A of the SFA), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest, howsoever described, in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes offered in this Offer pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than Singapore $200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

For a description of certain further restrictions on offers and sales of the Notes and distribution of this prospectus, see the section of this prospectus entitled "Subscription and Sale."

LIMITATION ON ENFORCEABILITY OF CIVIL LIABILITIES

Our presence outside the United Kingdom and United States may limit your legal recourse against us. We do not have a presence in the United Kingdom or the United States and are incorporated under the laws of the Russian Federation. Most of our directors and executive officers named in this prospectus reside outside the United Kingdom and United States, principally, in Russia and Norway. All or a substantial portion of our assets and the assets of our officers and directors are also located outside the United Kingdom and United States. As a result, it may not be possible for the Issuer or the Trustee, acting on behalf of Noteholders to:

- effect service of process within the United Kingdom or United States on us or on our officers and directors named; or
- obtain or enforce English or U.S. court judgments against us, our officers and our directors on any basis, including actions under the civil liability provisions of U.K. or U.S. securities laws.

Under the terms of the Loan Agreements, we will appoint an agent for service of process in London, England for claims under the Loan Agreements. It is possible that a Russian court will not recognize this appointment. We do not appoint an agent for service of process in the United States. Subject to the terms of the Trust Deeds, no Noteholder will have any entitlement to enforce any of the provisions of the Loan Agreements or have direct recourse to our company, except through action by the Trustee under the Security Interests. Neither the Issuer nor the Trustee under the Loan Administration Transfer will be required to enter into proceedings to enforce payment under the Loan Agreements unless it has been indemnified and/or secured by the Noteholders to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

It may be difficult for the Issuer or the Trustee, acting on behalf of Noteholders, to enforce, in original actions brought in courts in jurisdictions located outside the United Kingdom or United States, liabilities predicated upon the U.K. or U.S. securities laws. In addition, judgments rendered by a court in any jurisdiction outside the Russian Federation will be recognized by courts in Russia only if an international treaty providing for the recognition and enforcement of judgments in civil cases exists between the Russian Federation and the country where the judgment is rendered. No such treaty exists between the United States and the Russian Federation, or between the United Kingdom and the Russian Federation, for the reciprocal recognition and enforcement of foreign court judgments in civil and commercial matters. These limitations may deprive the Issuer or the Trustee of effective legal recourse for claims related to your investment in the Notes.

The Loan Agreements provide that if any dispute or difference arises from or in connection with the relevant Loan Agreement, the Issuer will, by notice in writing to our company, settle the claim by arbitration in accordance with the Rules of Arbitration of the London Court of International Arbitration, also known as LCIA. The seat of any such arbitration will be London, England. The Russian Federation is a party to the United Nations (New York) Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention"). Consequently, an arbitral award from an arbitral tribunal in the United Kingdom and United States would generally be recognized and enforced in the Russian Federation on the basis of the rules of the New York Convention. However, it may be difficult to enforce arbitral awards in the Russian Federation due to:

- the limited experience of Russian courts in international commercial transactions;
- official and unofficial political resistance to the enforcement of awards against Russian companies in favor of foreign investors; and
- the inability of Russian courts to enforce such orders and corruption.

See "Risk Factors—Risks Related to the Legal and Regulatory Environment in Russia and the CIS—Lack of independence and experience of the judiciary, difficulty of enforcing court decisions, the unpredictable acknowledgement and enforcement of foreign court judgments or arbitral awards in Russia and the CIS and governmental discretion in enforcing claims give rise to significant uncertainties."

Russian courts generally only recognize foreign court judgments or arbitral awards pursuant to bilateral or multilateral treaty arrangements. In addition, Russian courts have limited experience in the enforcement of foreign court judgments. The possible need to re-litigate on the merits in the Russian Federation a court judgment obtained elsewhere may significantly delay the enforcement of such judgment. Under current Russian law, certain amounts may be payable upon the initiation of any action or proceeding related to the relevant Loan in any Russian court. These amounts in many instances depend on the amount of the relevant claim.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements," as this phrase is defined in Section 27A of the U.S. Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are not historical facts and can often be identified by the use of terms like "estimates," "projects," "anticipates," "expects," "intends," "believes," "will," "may," "should" or the negative of these terms. All forward-looking statements, including discussions of strategy, plans, objectives, goals and future events or performance, involve risks and uncertainties. Examples of forward-looking statements include:

- our strategy to generate sufficient net cash flow in order to meet our debt service obligations;
- our plans to develop and provide integrated telecommunications services to our customers, increase fixed and mobile telephone use and expand our operations in Russia, the CIS and other countries where we operate;
- our ability to execute our business strategy successfully and achieve the expected benefits from our existing and future acquisitions;
- our ability to extract anticipated synergies or to integrate an acquired business into our group in a timely and cost-effective manner;
- our ability to successfully challenge claims brought against Limited Liability Partnership KaR-Tel, or KaR-Tel;
- our expectations as to pricing for our products and services in the future, improving the total average monthly service revenues per subscriber and our future operating results;
- our ability to meet our projected capital requirements;
- our expectation that we may attract additional debt obligations to support VimpelCom Ltd.'s proposed acquisition of Wind Telecom;
- our ability to meet license requirements and to obtain, maintain, renew or extend licenses, frequency allocations and frequency channels and obtain related regulatory approvals;
- our ability to obtain and maintain interconnect agreements; and
- other statements regarding matters that are not historical facts.

While these statements are based on sources believed to be reliable and on our management's current knowledge and best belief, they are merely estimates or predictions and cannot be relied upon. We cannot assure you that future results will be achieved. The risks and uncertainties that may cause our actual results to differ materially from the results indicated, expressed or implied in the forward-looking statements used in this prospectus include:

- risks relating to changes in political, economic and social conditions in each of the countries in which we operate;
- in each of the countries in which we operate, risks relating to legislation, regulation and taxation, including laws, regulations, decrees and decisions governing the telecommunications industry, currency and exchange controls and taxation legislation, and their official interpretation by governmental and other regulatory bodies and courts;
- risks that various courts or regulatory agencies in which we are involved in legal challenges or appeals may not find in our favor;
- risks relating to our company, including demand for and market acceptance of our products and services, regulatory uncertainty regarding our licenses, frequency allocations and numbering capacity, constraints on our spectrum capacity, availability of line capacity and competitive product and pricing pressures;
- risks associated with discrepancies in subscriber numbers and penetration rates caused by differences in the churn policies of mobile operators; and
- other risks and uncertainties.

These factors and the other risk factors described in this prospectus (in the section entitled "Risk Factors" beginning on page 21) are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our future results. Under no circumstances should the inclusion of such forward looking statements in this prospectus be regarded as a representation or warranty by us, the Lead Managers, or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. The forward-looking statements included in this prospectus are made only as of the date of this prospectus and we cannot assure you that projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This prospectus describes matters that relate generally to Open Joint Stock Company "Vimpel-Communications," also referred to as VimpelCom or our company, an open joint stock company organized under the laws of the Russian Federation, and its consolidated subsidiaries. Thus, we use terms such as "we," "us," "our" and similar plural pronouns when describing the matters that relate generally to VimpelCom's consolidated group.

In addition, the discussion of our business and the telecommunications industry contains references to certain terms specific to our business, including numerous technical and industry terms. Certain of these terms, as well as other terms used in this prospectus, are below:

- References to our operations in the "Moscow license area" are to our operations in the City of Moscow and the Moscow region.
- References to our operations in "the regions," "the regions outside of Moscow" and "the regions outside of the Moscow license area" are to our operations in the regions of the Russian Federation outside of the City of Moscow and the Moscow region.
- Unless the context otherwise requires, references to our operations in the "CIS" are to our operations in the Commonwealth of Independent States outside of the Russian Federation. Although Georgia is no longer a member of the CIS, consistent with our historic reporting practice, we continue to include Georgia in our CIS mobile reporting segment.
- References to the "super-regions" are to Russia's seven large geographical regions and the Moscow license area.
- References to "GSM-900/1800" are to dual band networks that provide mobile telephone services using the Global System for Mobile Communications standard in the 900 MHz and 1800 MHz frequency ranges. References to "GSM-1800" are to networks that provide mobile telephone services using GSM in the 1800 MHz frequency range. References to "GSM-900" are to networks that provide mobile telephone services using GSM in the 900MHz frequency range. References to "GSM" are to both the GSM-900 and GSM-1800 standards.
- References to "3G" technologies are to third generation mobile technologies, including UMTS.
- References to "mobile services" are to our wireless voice and data transmission services but excluding Wireless Fidelity technology, or WiFi.
- References to our "mobile subscribers" are to active subscribers of our mobile telecommunications services. A subscriber is considered "active" if the subscriber's activity resulted in income to VimpelCom during the most recent three months and if the subscriber remained in the mobile subscriber base at the end of the reported period. Such activity includes all incoming and outgoing calls, subscriber fee accruals, debits related to service, mobile Internet service via Universal Serial Bus, or USB, modems, outgoing short messaging service, or SMS, and multimedia messaging service, or MMS, and data transmission and receipt sessions, but does not include incoming SMS and MMS sent by our company or abandoned calls. We calculate monthly average minutes of use per mobile subscriber, or MOU, and monthly average revenue per mobile subscriber, or ARPU, on the basis of subscriber data using the "active subscriber" definition. Previously, we reported mobile subscriber data on the basis of registered mobile subscribers. A registered mobile subscriber is an authorized user of mobile services, using one SIM card (GSM/3G) with one or several selective numbers. Other mobile telecommunications operators may apply mobile subscriber policies that differ from ours.
- References to "Russian rubles" or "rubles" or "RUB" or "RUR" are to the lawful currency of the Russian Federation.
- References to "Moody's Investors Service" are to Moody's Investors Service Espana S.A.
- References to "US$" or "$" or "USD" or "U.S. dollars" are to the lawful currency of the United States of America.

- References to "the Notes" mean, collectively, the A Notes and the B Notes, unless the context indicates that such reference is intended to specify the A Notes or the B Notes, in which case, such reference shall mean the A Notes or B Notes, as the case may be. References to the "Loan Agreements" mean, collectively, the A Loan Agreement and the B Loan Agreement, unless the context indicates that such reference is intended to specify the A Loan Agreement or the B Loan Agreement, in which case, such reference shall mean the A Loan Agreement or the B Loan Agreement, as the case may be.
- References to "Golden Telecom" are to Golden Telecom, Inc. and its consolidated subsidiaries.
- References to "Wind Telecom" are to Wind Telecom S.p.A., which until December 30, 2010, was known as Weather Investments S.p.A.

Certain amounts and percentages that appear in this prospectus have been subject to rounding adjustments. As a result, certain numerical figures shown as totals, including in tables, may not be exact arithmetic aggregations of the figures that precede or follow them.

In October 2009, Telenor ASA, the parent company of our former shareholder Telenor East Invest AS, or Telenor, and Altimo Holdings & Investments Ltd., or Altimo, a member of the Alfa Group and the parent company of our former shareholder Eco Telecom Limited, announced that they agreed to combine their ownership of our company and Closed Joint Stock Company "Kyivstar G.S.M.", or Kyivstar, under a new company called VimpelCom Ltd. Kyivstar is a Ukrainian mobile operator, 56.5% of which was owned by a subsidiary of Telenor ASA and 43.5% of which was owned by a subsidiary of Altimo. We refer to the combination in this prospectus as the "VimpelCom Ltd. Transaction." The VimpelCom Ltd. Transaction involved a series of transactions, including an exchange offer by VimpelCom Ltd. comprised of (i) an offer to all holders resident in the United States (including its territories and possessions) of shares of our common and preferred stock and to all holders of our ADSs, wherever located, referred to in this prospectus as the U.S. Offer, and (ii) a separate voluntary tender offer to all holders of shares of our common and preferred stock, wherever located, referred to in this prospectus as the Russian Offer. The Russian Offer and the U.S. Offer are collectively referred to in this prospectus as the "VimpelCom Ltd. Exchange Offers." Completion of the VimpelCom Ltd. Exchange Offers was conditioned upon greater than 95.0% of our shares, including those represented by ADSs, being validly tendered and not withdrawn, in addition to other conditions. On April 21, 2010, all conditions of the VimpelCom Ltd. Exchange Offers were satisfied, and VimpelCom Ltd. acquired approximately 98.0% of our outstanding shares, including shares represented by ADSs. On May 14, 2010, our ADSs were delisted from the NYSE, and on June 2, 2010, our shares were excluded from the list of traded securities at the Open Joint Stock Company Russian Trading System Stock Exchange, or the Russian Trading System. On August 6, 2010, VimpelCom Ltd. completed the acquisition of all of our shares, including those represented by ADSs, from our remaining minority shareholders by way of a mandatory squeeze-out process under Russian law commenced on May 25, 2010.

Please also see the section of this prospectus entitled "Glossary of Terms" for definitions of certain terms used in this prospectus.

OVERVIEW

This summary contains basic information about us, our industry and the offer. You should read the entire prospectus carefully, including the risk factors, our consolidated financial statements and their related notes included elsewhere in this prospectus.

Our Company

We are a telecommunications operator, providing voice and data services through a range of mobile, fixed and broadband technologies. The VimpelCom group of companies includes companies operating in Russia, Kazakhstan, Ukraine, Uzbekistan, Armenia, Tajikistan, Georgia, Kyrgyzstan and in the Kingdom of Cambodia. We also own 40.0% of an operator in the Socialist Republic of Vietnam. The operations of these companies cover a territory with a total population of approximately 345.0 million. On August 6, 2010, as a result of the VimpelCom Ltd. Transaction, we became a wholly owned subsidiary of VimpelCom Ltd.

Our net operating revenues were US$7,095.8 million for the nine months ended September 30, 2010, compared to US$6,394.3 million for the nine months ended September 30, 2009. Our operating income was US$2,085.9 million for the nine months ended September 30, 2010, compared to US$1,970.5 million for the nine months ended September 30, 2009. Net income attributable to VimpelCom was US$1,168.8 million for the nine months ended September 30, 2010, compared to US$838.4 million for the nine months ended September 30, 2009.

In October 2009, Telenor ASA, the parent company of Telenor, and Altimo, a member of Alfa Group and the parent company of Eco Telecom, announced that they agreed to combine their ownership of our company and Kyivstar, under a new company called VimpelCom Ltd. Kyivstar is a Ukrainian mobile operator, 56.5% of which was owned by a subsidiary of Telenor ASA and 43.5% of which was owned by a subsidiary of Altimo. The combination involved a series of transactions, including exchange offers by VimpelCom Ltd. to all holders of our common shares and ADSs. On April 21, 2010, the transactions were completed and VimpelCom Ltd. acquired approximately 98.0% of our outstanding shares. On May 14, 2010, our ADSs were delisted from the NYSE, and on June 2, 2010, our shares were excluded from the list of traded securities at the Russian Trading System.

All of our shares and ADSs not tendered to VimpelCom Ltd. in the VimpelCom Ltd. Exchange Offers were subject to a mandatory squeeze-out procedure under Russian law. On May 25, 2010, VimpelCom Ltd. commenced the mandatory squeeze-out procedure to acquire all of our remaining shares, including those represented by ADSs, for a cash payment of RUB 11,800 per share (which was equal to approximately US$382.18 per share at the exchange rate as of May 25, 2010). The squeeze-out price was determined as the market value of our shares as of February 28, 2010, by an independent Russian appraiser in accordance with Russian law. The appraisal was supplemented with a value analysis by ZAO Deloitte and Touche CIS. On August 6, 2010, VimpelCom Ltd. completed the acquisition of all of our shares, including those represented by ADSs, from our remaining minority shareholders by way of the mandatory squeeze-out, making us a wholly owned subsidiary of VimpelCom Ltd.

Competitive Strengths

We believe that we are well positioned to capitalize on opportunities in the Russian and CIS mobile, fixed-line and broadband telecommunications markets. We seek to differentiate ourselves from our competitors by providing innovative products, high-quality mobile, fixed-line and broadband telecommunications service offerings, specialized customer care and strong, recognized brand names.

- *Recognized brand name.* We market our mobile services under our "Beeline" brand name in ten countries (Russia, Kazakhstan, Ukraine, Uzbekistan, Armenia, Tajikistan, Georgia, Kyrgyzstan, Cambodia and Vietnam). We established our "Beeline" brand in Russia in 1993 and launched the "Beeline" brand name in Kazakhstan in 2005, in Ukraine, Uzbekistan and Tajikistan in 2006, in Georgia in 2007, in Armenia in 2008 and in Cambodia and Vietnam in 2009. Since June 2009, Sky Mobile has been operating in Kyrgyzstan under our Beeline brand. Primarily as a result of our innovative marketing and brand licensing efforts, our "Beeline" brand name is among the most recognized brand names in Russia. For the past five years, the Beeline brand has led the "top of mind awareness" among all Russian mobile operators' brands, according to Brand Health Tracking. In addition, since 2005, our Beeline brand has been named the most valuable brand in Russia by Interbrand Group. The Beeline brand has also been ranked in the Brandz Top 100 Brand Ranking by Millward Brown. In 2009, the Beeline brand was ranked 39th in the top 50 most valuable European

brands by Eurobrand 2009 Research, becoming the first Eastern European company to be included in this exclusive list. At the end of 2008, we re-launched the "Beeline" brand for the business and corporate services sector in Russia and Ukraine. In the first half of 2009, we launched "Beeline" for the business and corporate services sector in Kazakhstan and Uzbekistan. We believe we have strengthened our brand position in the business and corporate services sector by providing special product and services offerings, including all products and services provided to corporate clients by Golden Telecom and Corbina Telecom, such as IP Centrex, IPVPN, SLA and managed services.

- *Product and service innovation.* In our mobile business, we continue to seek out new products and services to provide our subscribers with faster access and easier usage to be competitive in the markets in which we operate. We continue to develop services oriented towards our prepaid consumer segment, such as allowing customers to stay connected while temporarily accruing a negative account balance and a portfolio of call completion services. We strengthened our mobile instant messaging service through the launch of new features, made our service interoperable with competitors and we continue to grow our mobile instant messaging community successfully.

- *Pricing.* Acknowledging differences in competitive situations and consumer behavior across regions, we undertake a systematic effort involving dedicated analytics and research to develop an optimal pricing structure. This pricing approach ensures that we maximize value from all segments and lets us offer different tariffs and solutions to all market segments and types of companies, including special tariff options and bundles for data access services for GPRS and 3G.

- *Data Services.* We believe data services are driving market growth and we are focusing our efforts at winning this segment. We began launching 3G services in several markets in Russia in the second half of 2008, and we roll out 3G technology as frequencies are cleared and network construction in each region is completed. Our subscribers benefit from 3G service in more than 77 regions (462 cities) as of September 30, 2010. We also offer USB modems (for GPRS and 3G use) to all customer segments.

  We are one of only two mobile operators in Russia that have an agreement with Apple to sell the iPhone across Russia. Since we began selling the i-Phone in September 2008, we have sold approximately 300,000 iPhones. We believe that sales of iPhones will contribute to an increase in the sale of our data services.

  For our business and corporate clients, we offer a wide range of data services, including mobile e-mail, mobile office and corporate Internet access.

- *Convergence.* Following our acquisition of Golden Telecom, we now offer a broad portfolio of competitive services in both the fixed-line corporate data market and the residential broadband Internet market that are designed to match the needs of our customers. Importantly, the vast majority of these services are provided via a superior technology, FTTB.

- *Blackberry.* In 2010, VimpelCom began expanding its services for consumer and corporate clients in Russia and actively developing new products and service features to increase its competitive advantage. "MDS" (Mobile Data System) and "BES browsing" functions allow us to offer corporate clients full solutions for their businesses, and "BIS browsing" allows us to provide similar services for consumers. We are authorized by Research in Motion and the Russian regulatory authorities to sell and provide secured corporate mail services through Blackberry handsets. This allows us to compete for enterprise customers that have historically been associated with our primary competitor in the business segment by providing business customers with a second mobile device.

- *M2M.* Machine-to-machine, or M2M, refers to technologies that allow both wireless and wired systems to communicate with other devices of the same ability and includes technologies that allow data transmission between remote equipment. M2M technologies are used in areas such as consumer electronics, banking, metering, security and others. The M2M market in Russia is in the early stage of development with penetration of M2M SIM cards at less than 1.0%. Experts estimate the annual Russian market growth for M2M to be 25.0-30.0% until 2015. We have launched a new M2M product, "M2M Control Center," with Jasper Wireless Inc. (SaaS). This product is unique to the Russian market and gives us the opportunity to be the first company in the Russian market to provide this M2M solution for corporate clients. While our competitors are active and aggressive in the Russian M2M market providing various M2M solutions to their customers, they do not have any products similar to our "M2M Control Center," which we believe

gives us a strong competitive advantage among all Russian operators. M2M Control Center allows on-line self-management of a business client's SIM cards, giving the client control and monitoring capabilities of its SIM cards via a web-based interface. For example, business customers with M2M Control Centre can receive real-time monitoring, usage statistics, on-line diagnostics, and on-line notifications on SIM card activities from SIM cards used with the customers' remote equipment. We believe M2M Control Center can be easily integrated with our business customers' other systems and platforms through an open application programming interface, or open API.

- *Specialized customer care.* We provide specialized customer service to our different subscriber segments. We believe that our ability to provide specialized customer service has helped us maintain a high level of subscriber satisfaction with our products and services and control churn. We also believe that VimpelCom has provided particularly strong customer service to its corporate subscribers. We have learned lessons and applied best practices to both corporate and mass market customers and now offer all customers a common approach to customer care.

- *Broad distribution network.* We have one of the largest distribution networks for mobile services in Russia with approximately 2,560 independent dealers. In addition, we have approximately 4,000 branded kiosks (branded stands) and 12,360 non-specialized independent retail outlets where Beeline contracts may be purchased. In total, we have more than 39,500 points of sale in Russia. We also have approximately 57,300 locations in Russia where prepaid scratch cards are sold and 238,000 points where cash is collected. We are also rapidly expanding our distribution in the CIS and already have approximately 44,730 points of sales throughout the CIS countries. In October 2008, we acquired 49.9% of Euroset Group, or Euroset, with put and call arrangements for 25.0% of additional shares exercisable in three years. As of September 30, 2010, Euroset operates approximately 3,770 outlets in Russia, and we believe this acquisition has allowed us to significantly enhance our distribution capabilities. Additionally, we are also rapidly developing our distribution in Cambodia with approximately 1,119 independent dealers, and already have approximately 5,754 points of sales and 12,181 locations where prepaid scratch cards are sold throughout the country.

- *Unified, sophisticated mobile network.* We are able to provide uniform mobile products and services that we develop and launch on an international rather than local basis due to our centralized IT platform which operates throughout our unified mobile network system covering our license areas in Russia and the CIS. We believe that our level of centralization and standardization is unique in the license areas where we operate and that this gives us a competitive advantage and efficiency in developing and rolling out new services. We build our mobile networks with advanced technology from the world's leading mobile telecommunications equipment suppliers, such as Alcatel-Lucent, Ericsson, Nokia-Siemens Networks, and Huawei in order to provide our subscribers with high-quality, dependable networks capable of offering enhanced value added services and features. We launched our 3G network in 2008 and plan to follow the same principles of centralization that we have applied to our 2G network and building on a philosophy of a convergent 2G/3G core.

- *Extensive fixed infrastructure.* Through the combination of VimpelCom's and Golden Telecom's fixed assets, including both long distance fiber lines and city rings, we have what we believe is one of the best high-speed fixed asset bases in Russia, which enables us to efficiently carry our own traffic and to offer data communications capacity on a wholesale basis. In addition, we believe our network capacity allows us to deliver a broader range of products at a higher speed.

Strategy

We are a part of the VimpelCom Ltd. group and we share the strategy of our parent company, VimpelCom Ltd. Our group strives to create shareholder value by focusing on three core priorities: driving value capture in the mature voice business in core markets, emerging as a leader from the transition to a data-centric world and selectively building scale. Within each of these broad priorities our group pursues specific objectives:

- *Drive value capture in the mature voice business in core markets.*

  - We recognize that our industry, in our core markets as well as internationally, is one where the prices of the traditional products and services that we provide are generally falling over time, despite price elasticity being significantly below one, whereas many of the costs of delivering

these products and services experience significant inflationary pressures. To address this imbalance, we continuously focus strongly on cost efficiency, especially minimizing business support costs, and we also design our go-to-market actions thoughtfully, with the dual ambition of ensuring that we remain a highly attractive choice for consumers at all times, while at the same time promoting responsible industry conduct broadly.

- We also see that the telecommunications market is highly heterogeneous, consisting of a significant number of sub-segments with partially unique needs, and we therefore selectively, but aggressively, attack underserved B2C and B2B sub-segments, especially in areas where we can leverage the fact that we have both fixed and mobile assets or where our international footprint can be a source of competitive advantage.
- We believe that the shift away from the traditional voice- and SMS-centric telephone company world and towards a data-centric world is fundamental and we therefore carefully scrutinize any investment in legacy infrastructure that does not also support our future data business, while of course ensuring that we at all times deliver a set of core traditional telephone company services that fully meet customer expectations.

- *Emerge as leader from the transition to a data-centric world.*
  - We are convinced that the move towards a data-centric world is the single biggest industry change that our core mobile business has experienced so far, and we also clearly see that a key success factor over the coming few years for any telco operator with a significant mobile business will be to manage pricing approaches well, we therefore spend considerable time and effort to ensure that we offer a pro-active and customer-centric transition from legacy voice pricing to data-centric pricing, with the ambition to retain and ultimately grow ARPUs.
  - We see that data offerings are already becoming a significant operator decision parameter for certain customer segments, and we expect this trend to broaden further. To ensure that we are the natural consumer choice in the data-centric world we aim to provide the best "value-for-money" data product portfolio while staying highly price-competitive at all times.
  - We clearly recognize that a data network is more complex to manage than a voice network, and that the optimization potential in a data network is significant. We therefore aim to drive smart cost efficiency in technology investments, including traffic management and off-loading as well as content compression.
- *Selectively build scale.*
  - Any future acquisitions will be consistent with our group's belief that international scale, and to a certain extent also market maturity-level portfolio diversification, can create shareholder value. We also understand very clearly that the attractiveness of any deal is going to be highly dependent on our ability to realize significant synergies and one of our core focuses in any deal will therefore be to aggressively identify and capture synergies, whether they come from enhanced leverage in procurement, staff redundancies or best-practice sharing between markets at different stages of development.

Recent Developments

On October 4, 2010, our indirect parent VimpelCom Ltd. announced that it signed an agreement with the investors in Wind Telecom pursuant to which VimpelCom Ltd. would acquire Wind Telecom, which until December 30, 2010, was known as Weather Investments S.p.A. (the "Weather Transaction"). The October 4, 2010 agreement was subject to further approval of VimpelCom Ltd.'s supervisory board. On December 20, 2010, VimpelCom Ltd.'s supervisory board announced that it approved the Weather Transaction but it did not take a decision on certain shareholder-related issues due to Telenor's publicly stated position that, in its capacity as a shareholder of VimpelCom Ltd., it did not support the Weather Transaction. On January 17, 2011, VimpelCom Ltd.'s supervisory board announced that on January 16, 2011 it gave its final approval for the Weather Transaction, and the parties entered into a new agreement reflecting negotiations that followed the December 20, 2010 supervisory board approval. Under the new agreement, Wind Telecom shareholders will contribute to VimpelCom Ltd. their shares in Wind Telecom in exchange for consideration consisting of a 20.0% economic interest and a

30.6% voting interest in the enlarged VimpelCom Ltd. group and US$1,495.0 million in cash. Upon closing of the Weather Transaction, VimpelCom Ltd. will own, through Wind Telecom, 51.7% of Orascom Telecom Holding S.A.E, or Orascom Telecom, and 100.0% of Wind Telecomunicazioni S.p.A., or Wind Italy. At or after the closing of the Weather Transaction, Wind Telecom's interests in certain assets, which principally comprise Orascom Telecom's investments in Egypt and North Korea and certain non-core Wind Italy assets, will be transferred to the Wind Telecom shareholders, or if such transfers cannot be effected VimpelCom Ltd. will pay additional consideration to the Wind Telecom shareholders. Wind Hellas Telecommunications S.A., Wind Telecom's subsidiary in Greece, is entirely excluded from the Weather Transaction. The Weather Transaction is subject to conditions precedent, including approval of the VimpelCom Ltd. shareholders at a special general meeting which has been scheduled for March 17, 2011.

Risk Factors

You should carefully consider all information in this prospectus. In particular, you should evaluate the specific risk factors relating to an investment in our securities set forth in the section of this prospectus entitled "Risk Factors."

We are an open joint stock company organized under the laws of the Russian Federation. Our company was registered in the Russian Federation on September 15, 1992 as a closed joint stock company and re-registered as an open joint stock company on July 28, 1993. Our registered offices are located at 10 Ulitsa 8 Marta, Building 14, Moscow, Russian Federation 127083. Our telephone number is +7 (495) 725 0700.

Summary Financial Data

The following summary consolidated financial data for the three years ended December 31, 2009, except for the data included in "—Russia Financial Highlights" below, is derived from VimpelCom's historical consolidated financial statements which have been audited by Ernst & Young LLC independent registered public accounting firm. The summary consolidated financial data for the nine-month periods ended September 30, 2010 and 2009, except for the data included in "—Russia Financial Highlights" below, is derived from unaudited financial statements. The financial data included in "—Russia Financial Highlights" below is derived from analyses prepared from the accounting records of VimpelCom. The summary financial data set forth below should be read in conjunction with the consolidated financial statements, related notes and other financial information included herein and the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Nine Months Ended September 30,		Years Ended December 31,		
	2010	2009	2009	2008	2007
	(In thousands of U.S. Dollars)				
Operating revenues:					
Service revenues	US$6,979,602	US$6,298,463	US$ 8,580,815	US$ 9,999,850	US$7,161,833
Sales of equipment and accessories	104,390	86,998	109,959	107,946	6,519
Other revenues	11,779	14,694	19,788	17,190	6,528
Total operating revenues	7,095,771	6,400,155	8,710,562	10,124,986	7,174,880
Revenue based taxes	–	(5,839)	(7,660)	(8,054)	(3,782)
Net operating revenues	7,095,771	6,394,316	8,702,902	10,116,932	7,171,098
Operating expenses:					
Service costs	1,590,661	1,370,952	1,878,443	2,262,570	1,309,287
Cost of equipment and accessories	115,637	85,564	110,677	101,282	5,827
Selling, general and administrative expenses	2,019,235	1,710,198	2,389,998	2,838,508	2,206,322
Depreciation	1,038,208	1,000,201	1,393,431	1,520,184	1,171,834
Amortization	206,377	213,947	300,736	360,980	218,719
Impairment loss	–	–	–	442,747	–
Provision for doubtful accounts	39,769	42,974	51,262	54,711	52,919
Total operating expenses	5,009,887	4,423,836	6,124,547	7,580,982	4,964,908
Operating income	2,085,884	1,970,480	2,578,355	2,535,950	2,206,190
Other income and expenses:					
Interest income	32,534	41,310	51,714	71,618	33,021
Net foreign exchange (loss) gain	(5,170)	(397,191)	(411,300)	(1,142,276)	72,955
Interest expense	(393,982)	(434,802)	(598,531)	(495,634)	(194,839)
Equity in net loss of associates	26,505	(25,754)	(35,763)	(61,020)	(211)
Other (expenses) income, net	(83,535)	(8,124)	(32,114)	(17,404)	3,240
Total other income and expenses	(423,648)	(824,561)	(1,025,994)	(1,644,716)	(85,834)
Income before income taxes	1,662,236	1,145,919	1,552,361	891,234	2,120,356
Income tax expense	459,729	309,665	435,030	303,934	593,928
Net income	US$1,202,507	US$ 836,254	US$ 1,117,331	US$ 587,300	US$1,526,428
Net income attributable to the noncontrolling interest	33,688	(2,136)	(4,499)	62,966	63,722
Net income attributable to VimpelCom	US$1,168,819	US$ 838,390	US$ 1,121,830	US$ 524,334	US$1,462,706
Other data:					
Adjusted OIBDA	3,330,469	3,184,628	4,272,522	4,859,861	3,596,743
Adjusted OIBDA margin[(1)]	46.9%	49.8%	49.1%	48.0%	50.2%
Operating margin[(2)]	29.4%	30.8%	29.6%	25.1%	30.8%

(1) Represents adjusted OIBDA as a percentage of net operating revenues. Reconciliation of adjusted OIBDA margin to net income as a percentage of net operating revenues, the most directly comparable U.S. GAAP financial measure, is presented below.

(2) Represents operating income as a percentage of net operating revenues.

Reconciliation of adjusted OIBDA to net income

(Unaudited, in thousands of U.S. dollars)

	Nine Months Ended September 30,		Years Ended December 31,		
	2010	**2009**	**2009**	**2008**	**2007**
OIBDA	US$3,330,469	US$3,184,628	US$4,272,522	US$ 4,859,861	US$3,596,743
Less: Depreciation	1,038,208	1,000,201	1,393,431	1,520,184	1,171,834
Less: Amortization	206,377	213,947	300,736	360,980	218,719
Less: Impairment for long lived assets	–	–	–	442,747	–
Operating income	2,085,884	1,970,480	2,578,355	2,535,950	2,206,190
Interest income	32,534	41,310	51,714	71,618	33,021
Net foreign exchange (loss) gain	(5,170)	(397,191)	(411,300)	(1,142,276)	72,955
Interest expense	(393,982)	(434,802)	(598,531)	(495,634)	(194,839)
Equity in net loss of associates	26,505	(25,754)	(35,763)	(61,020)	(211)
Other (expenses) income, net	(83,535)	(8,124)	(32,114)	(17,404)	3,240
Income tax expense	(459,729)	(309,665)	(435,030)	(303,934)	(593,928)
Net income	1,202,507	836,254	1,117,331	587,300	1,526,428

	September 30, 2010	**December 31, 2009**	**December 31, 2008**	**December 31, 2007**
Consolidated balance sheets data:				
Cash and cash equivalents	US$ 1,951,960	US$ 1,446,949	US$ 914,683	US$ 1,003,711
Working capital (deficit)[1]	(204,701)	(447,742)	(1,407,795)	(272,784)
Property and equipment, net	5,562,015	5,561,569	6,425,873	5,497,819
Telecommunications licenses, goodwill and other intangible assets, net	4,586,710	4,527,255	5,124,555	2,217,529
Total assets	14,832,041	14,732,541	15,725,153	10,568,884
Total debt, including current portion[2]	5,997,495	7,353,047	8,442,926	2,766,609
Total liabilities	8,356,524	9,715,364	11,115,307	4,868,688
Redeemable noncontrolling interest	518,664	508,668	469,604	–
Total equity	US$ 5,956,853	US$ 4,508,509	US$ 4,140,242	US$ 5,700,196

(1) Working capital is calculated as current assets less current liabilities.

(2) Includes bank loans, Russian ruble denominated bonds, equipment financing and capital lease obligations for all periods presented. Subsequent to September 30, 2010, there have been additional changes in certain of our outstanding indebtedness. For information regarding these changes, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing activities—2010."

Reconciliation of VimpelCom adjusted OIBDA to net income
(Unaudited, in thousands of U.S. dollars)

	Twelve Months Ended September 30, 2010
OIBDA	4,418,363
Less: Depreciation	1,431,438
Less: Amortization	293,166
Less: Impairment for long lived assets	–
Operating income	2,693,759
Interest income	42,938
Net foreign exchange (loss) gain	(19,279)
Interest expense	(557,711)
Equity in net loss of associates	16,496
Other (expenses) income, net	(107,525)
Income tax expense	(585,094)
Net income	1,483,584

Russia Financial Highlights
(In millions of Russian rubles)

	Twelve Months Ended September 30,	Nine Months Ended September 30,		Year Ended December 31,		
	2010	2010	2009	2009	2008	2007
Net operating revenue total	242,190	183,371	176,619	235,438	214,136	155,516
Mobile	202,431	153,510	146,015	194,936	182,766	155,516
Fixed-line	39,759	29,861	30,604	40,502	31,370	–
Operating income	75,971	58,365	59,353	76,960	59,456	50,914
Net income attributable to VimpelCom	45,356	35,716	28,505	38,145	17,003	36,316

Reconciliation of Russia adjusted OIBDA to net income
(Unaudited, in millions of Russian rubles)

	Twelve Months Ended September 30,	Nine Months Ended September 30,		Year Ended December 31,		
	2010	2010	2009	2009	2008	2007
OIBDA	114,544	86,594	88,932	116,882	104,419	79,249
Less: Depreciation	33,482	24,517	25,761	34,725	30,332	25,340
Less: Amortization	5,090	3,712	3,818	5,197	5,016	2,993
Less: Impairment for long lived assets	–	–	–	–	9,616	–
Operating income	75,972	58,365	59,353	76,960	59,456	50,914
Interest income	3,133	2,382	2,671	3,422	2,734	1,387
Net foreign exchange (loss) gain	(76)	312	(9,779)	(10,167)	(24,349)	1,364
Interest expense	(16,885)	(12,111)	(14,102)	(18,875)	(12,046)	(4,321)
Equity in net loss of associates	1,639	1,492	(635)	(488)	(1,722)	–
Other (expenses) income, net	(2,514)	(1,869)	111	(535)	(86)	120
Income tax expense	(15,927)	(12,814)	(9,262)	(12,375)	(6,965)	(13,146)
Net income	45,342	35,757	28,357	37,942	17,022	36,318

	Nine Months Ended September 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(In Russian rubles)				
ARPU Russia	326.7	320.6	319.6	344.4	320.7

Summary Operating Data

The following summary operating data as of September 30, 2010 and as of December 31, 2009, 2008 and 2007 has been derived from internal company sources and from independent sources that we believe to be reliable. The summary operating data set forth below should be read in conjunction with VimpelCom's consolidated financial statements and their related notes included elsewhere in this prospectus and the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our subscriber data, ARPU and MOU for all periods indicated in the table below and churn figures for the years 2008 and 2009 and the first nine months of 2010 in the table below are reported on the basis of active subscribers.

	As of September 30,	As of December 31,		
	2010	2009	2008	2007
Selected industry operating data:				
Estimated population:[1]				
Russia	140,126,000	140,681,500	142,008,800	142,008,800
Kazakhstan	15,786,000	15,704,000	15,571,500	15,571,500
Ukraine	45,082,750	45,813,764	46,192,300	46,192,300
Tajikistan	7,094,000	7,011,000	7,215,700	7,215,700
Uzbekistan	28,683,250	28,381,000	27,100,000	27,100,000
Armenia	2,986,250	2,990,000	3,230,100	3,230,100
Georgia	4,295,250	4,318,000	4,500,000	4,500,000
Kyrgyzstan	5,511,250	–	–	–
Cambodia	15,294,750	15,097,000	–	–
Estimated mobile subscribers:[2]				
Russia	217,908,480	209,206,000	187,830,000	172,870,000
Kazakhstan	16,590,600	16,581,000	14,437,927	12,692,511
Ukraine	50,587,800	55,251,400	55,793,102	55,596,318
Tajikistan	5,214,090	4,334,900	3,428,061	2,131,103
Uzbekistan	19,074,750	16,569,900	12,276,098	5,931,796
Armenia	3,077,000	2,616,700	2,561,280	1,868,571
Georgia	4,168,100	3,894,800	3,757,055	2,690,405
Kyrgyzstan	4,703,900	–	–	–
Cambodia	8,161,670	5,477,100	–	–
Mobile penetration rate:[3]				
Russia	155.5%	148.7%	132.3%	121.7%
Kazakhstan	105.1%	105.6%	92.7%	81.5%
Ukraine	112.2%	120.6%	120.8%	120.4%
Tajikistan	73.5%	61.8%	47.5%	29.5%
Uzbekistan	66.5%	58.4%	45.3%	21.9%
Armenia	103.0%	87.5%	79.3%	57.8%
Georgia	97.0%	90.2%	83.5%	59.8%
Kyrgyzstan	85.4%	–	–	–
Cambodia	53.4%	36.3%	–	–
Selected company operating data:				
End of period mobile subscribers:				
Russia	51,614,769	50,886,127	47,676,844	42,221,252
Kazakhstan	6,736,121	6,135,275	6,269,927	4,603,300
Ukraine	2,471,802	2,004,729	2,052,493	1,941,251
Tajikistan	772,119	743,140	624,624	339,393
Uzbekistan	4,398,048	3,514,516	3,636,243	2,119,612
Armenia	580,916	545,201	544,271	442,484
Georgia	529,299	399,161	225,055	72,655
Kyrgyzstan	1,765,630	–	–	–
Cambodia	505,067	367,474	–	–
Total mobile subscribers	**69,373,771**	**64,595,623**	**61,029,457**	**51,739,947**

	As of September 30,	As of December 31,		
	2010	2009	2008	2007
MOU[4]				
Russia	215.2	211.4	219.1	192.1
Kazakhstan	119.5	93.1	104.3	94.6
Ukraine	191.4	208.7	231.8	163.2
Tajikistan	172.1	172.9	238.9	220.6
Uzbekistan	380.6	314.0	287.8	274.0
Armenia	300.6	237.8	152.1	169.9
Georgia	138.3	138.3	113.6	102.5
Kyrgyzstan	238.8	–	–	–
Cambodia	305.1	78.2	–	–
ARPU[5]				
Russia	US$ 10.8	US$ 10.1	US$ 13.9	US$ 12.6
Kazakhstan	US$ 9.2	US$ 8.1	US$ 11.7	US$ 13.1
Ukraine	US$ 4.4	US$ 4.7	US$ 7.6	US$ 4.7
Tajikistan	US$ 6.2	US$ 7.1	US$ 9.5	US$ 9.7
Uzbekistan	US$ 4.1	US$ 4.7	US$ 6.4	US$ 7.1
Armenia	US$ 10.4	US$ 13.2	US$ 14.6	US$ 16.7
Georgia	US$ 8.1	US$ 8.9	US$ 9.0	US$ 7.4
Kyrgyzstan	US$ 5.2	–	–	–
Cambodia	US$ 3.4	US$ 1.4	–	–
Churn rate[6]				
Russia	35.6%	42.8%	34.6%	32.9%
Kazakhstan	29.1%	46.3%	31.5%	23.5%
Ukraine	51.1%	81.0%	84.0%	61.8%
Tajikistan	59.3%	52.9%	42.8%	4.6%
Uzbekistan	30.0%	63.7%	55.6%	61.7%
Armenia	46.1%	58.6%	106.2%	49.7%
Georgia	34.6%	46.6%	47.2%	1.0%
Kyrgyzstan	49.9%	–	–	–
Cambodia	132.8%	n/a	–	–
Number of GSM base stations[7]:				
Russia	31,177	28,718	26,633	22,088
Kazakhstan	3,272	3,191	3,119	2,291
Ukraine	3,020	3,039	3,015	2,294
Tajikistan	604	523	494	326
Uzbekistan	1,773	1,625	1,573	928
Armenia	670	518	503	379
Georgia	707	609	514	215
Kyrgyzstan	853	–	–	–
Cambodia	867	552	–	–
End of period broadband subscribers[8]:				
Russia	2,757,306	2,110,881	1,181,916	–
Ukraine	213,750	109,345	24,147	–
Kazakhstan	6,191	1,342	154	–
Uzbekistan	23,258	9,029	5,766	–
Armenia	65,199	26,196	9,234	–
Total broadband subscribers	3,065,704	2,256,793	1,221,217	–

(1) Estimated population statistics for the first nine months of 2010 were provided by Informa Telecoms & Media (©2011 Informa Telecoms & Media). Estimated population statistics for the year 2009 were provided by Informa Telecoms & Media (©2010 Informa Telecoms & Media),except for the statistics on Ukraine, which were provided by AC&M. Estimated population statistics for the years 2007 and 2008 for all countries were published by the Interstate Statistical Committee of the CIS. For the years 2005 and 2006, estimated population statistics for Russia were published by the Federal State Statistics Service (Goskomstat) of Russia; estimated population

statistics for Kazakhstan were published by the Statistics Agency of Kazakhstan; and estimated population statistics for Ukraine were published by Goskomstat of Ukraine.

(2) Estimated mobile subscriber statistics by country for the first nine months of 2010 were provided by Informa Telecoms & Media (©2011 Informa Telecoms & Media). Estimated mobile subscriber statistics by country for the year 2009 were provided by Informa Telecoms & Media (©2010 Informa Telecoms & Media), except for the statistics on Ukraine, which were provided by AC&M. For the years 2007 and 2008, estimated mobile subscriber statistics for all countries were provided by AC&M, a management consulting and research agency specializing in the telecommunications industry in Russia and the CIS. For the years 2005 and 2006, estimated registered mobile subscriber statistics for Russia and Ukraine were published by AC&M.

(3) Estimated mobile penetration rate statistics for the first nine months of 2010 were provided by Informa Telecoms & Media (©2011 Informa Telecoms & Media). Estimated mobile penetration rate statistics for the year 2009 were provided by Informa Telecoms & Media (©2010 Informa Telecoms & Media), except for the statistics on Ukraine, which were provided by AC&M. For the years 2005 and 2006, penetration rates for Russia and Ukraine are based on data provided by AC&M. Penetration rates for all other countries and all other years are calculated by dividing the total estimated number of mobile subscribers in each relevant area (see Note (2)) by the total estimated population in such area (see Note (1)) as of the end of the relevant period.

(4) MOU is calculated by dividing the total number of minutes of usage for incoming and outgoing calls during the relevant period (excluding guest roamers) by the average number of mobile subscribers during the period and dividing by the number of months in that period.

(5) ARPU is calculated by dividing our mobile service revenue during the relevant period, including roaming revenue and interconnect revenue, but excluding revenue from connection fees, sales of handsets and accessories and other non-service revenue, by the average number of our mobile subscribers during the period and dividing by the number of months in that period.

(6) Churn rate for the first nine months of 2010 and the years 2009 and 2008 is based on active subscribers, while churn for previous years was reported on the basis of registered subscribers. We define churn rate of mobile subscribers as the total number of churned mobile subscribers over the reported period expressed as a percentage of the average of our mobile subscriber base at the starting date and at the ending date of the period. The total number of churned mobile subscribers is calculated as the difference between the number of new subscribers who engaged in a revenue generating activity in the reported period and the change in the mobile subscriber base between the starting date and the ending date of the reported period. Migration between prepaid and contract forms of payment and between tariff plans may technically be recorded as churn, which contributes to our churn rate even though we do not lose those subscribers. For previous periods we defined our churn rate of registered subscribers as the total number of registered subscribers disconnected from our network within a given period expressed as a percentage of the midpoint of registered subscribers in our network at the beginning and end of that period. Contract subscribers were disconnected if they had not paid their bills for up to two months. Prepaid subscribers were disconnected in two cases: (1) an account had been blocked after the balance drops to US$0 or below for up to six months or (2) an account showed no chargeable transaction for up to ten months. The exact number of months prior to disconnection varied by country and depended on the legislation and market specifics. Migration between prepaid and contract forms of payment was technically recorded as churn, which contributed to our churn rate even though we did not lose those subscribers. Similarly, prepaid customers who changed tariff plans by purchasing a new SIM card with our company were also counted as churn. Policies regarding the calculation of churn differ among operators.

(7) Including 3G base stations.

(8) Broadband subscribers are those subscribers in the registered subscriber base who were a party to a revenue generating activity in the past three months. Such activities include monthly Internet access using fiber-to-the-building, or FTTB, xDSL and WiFi technologies as well as mobile home Internet service via USB modems.

The Notes

Issuer	VIP Finance Ireland Limited
Issue Amount	US$500,000,000 aggregate principal amount of 6.493% loan participation notes due 2016 ("A Notes") US$1,000,000,000 aggregate principal amount of 7.748% loan participation notes due 2021 ("B Notes")
Lead Managers	Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited and The Royal Bank of Scotland plc
Issue Price	100.0% of the principal amount of the Notes
Maturity Date	The A Notes will be redeemed on February 2, 2016. The B Notes will be redeemed on February 2, 2021.
Trustee	BNY Corporate Trustee Services Limited
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Transfer and Paying Agents	The Bank of New York Mellon (Luxembourg) S.A., at its specified office in Luxembourg, and The Bank of New York Mellon, New York Branch, at its specified office in New York
Principal Paying Agent	The Bank of New York Mellon
Interest	The A Notes will accrue interest from the date of their issuance at a rate of 6.493% per year. Interest on the A Notes will be payable semi-annually in arrear on February 2 and August 2 of each year, commencing on August 2, 2011. The B Notes will accrue interest from the date of their issuance at a rate of 7.748% per year. Interest on the B Notes will be payable semi-annually in arrear on February 2 and August 2 of each year, commencing on August 2, 2011.
Status and Use of Proceeds	The Notes will constitute the obligations of the Issuer to apply an amount equal to the gross proceeds of the issue of the Notes solely for the purpose of financing the relevant Loan to our company under the terms of the Loan Agreements. The Notes will constitute an obligation of the Issuer to make payments to the relevant Noteholders for amounts equivalent to sums of principal, premium (if any), interest and additional amounts (if any) actually received and retained by, or for the account of, the Issuer from our company under the relevant Loan Agreement, less amounts in respect of certain Reserved Rights (as such term is defined in each Trust Deed). The obligations of the Issuer in respect of the Notes rank *pari passu* and rateably without any preference among themselves.
Security	The Notes are limited recourse obligations of the Issuer and will be secured by a charge in favor of the Trustee for the relevant Noteholders over: • all of the Issuer's rights to principal, premium (if any), interest and other amounts paid and payable under the relevant Loan Agreement and its right to receive amounts paid and payable under any claim, award or judgment relating to such Loan Agreement (in each case, other than its right to amounts in respect of certain Reserved Rights); and

	• sums held from time to time in the relevant account in London in the name of the Issuer with The Bank of New York Mellon, together with the debt represented thereby (other than interest from time to time earned thereon and the Reserved Rights) pursuant to the relevant Trust Deed.
Transfer of Administrative Rights	The Issuer will transfer its administrative rights under the Loan Agreements (save for those rights charged or excluded above) to the Trustee for the relevant Noteholders upon the closing of the offering of the Notes.
Form	The Notes will be issued in registered form. The Notes will be in denominations in aggregate principal amount of US$200,000 each and integral multiples of US$1,000 thereafter and will be represented by global note certificates. The global note certificates will be exchangeable for Notes in individual form in the limited circumstances specified in the global note certificates.
Optional Redemption by the Issuer . . .	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, upon giving notice to the Trustee, at the principal amount thereof, together with accrued and unpaid interest and additional amounts, if any, to the date of redemption in the event that it becomes unlawful for the Issuer to fund the relevant Loan or allow the relevant Loan to remain outstanding under the relevant Loan Agreement or allow the Notes to remain outstanding. In such a case, the Issuer would require the relevant Loan to be repaid in full.
Mandatory Redemption	The Issuer is required to redeem in whole, but not in part, the Notes at 100.0% of the aggregate principal amount plus accrued and unpaid interest and all additional amounts, if any, if we elect to repay the related Loan in the event we are required to pay additional amounts on account of Russian or Irish withholding taxes or in the event that we are required to pay additional amounts on account of certain costs incurred by the Issuer pursuant to the related Loan Agreement.
Relevant Events	In the case of a Relevant Event (as defined in the "Terms and Conditions of the Notes" section of this prospectus), the Trustee may, subject as provided in the related Trust Deed, enforce the security created in the related Trust Deed in favor of the relevant Noteholders.
Rating	The Notes have been rated "BB+" by Standard & Poor's Ratings Services, which placed the rating on negative credit watch and "Ba2" by Moody's Investors Service, which placed the rating on review for possible downgrade. Our company has been given a long-term corporate credit rating of "BB+" by Standard & Poor's Ratings Services and a senior implied rating of "Ba2" by Moody's Investors Service. In connection with the announcement of the Weather Transaction, Standard & Poor's Ratings Services put our company on the negative credit watch, and Moody's Investors Service placed our ratings on review for a possible downgrade. Credit ratings assigned to the Notes do not necessarily mean they are a suitable investment for you. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization. Similar ratings on different types of Notes do not necessarily mean the same thing. The ratings do not address the

	likelihood that the principal on the Notes will be prepaid, paid on an expected final payment date or paid on any particular date before the legal final maturity date of the Notes. The ratings do not address the marketability of the Notes or any market price. Any change in the credit ratings of the Notes or our company could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. We recommend that you analyze the significance of each rating independently from any other rating.
Withholding Tax	All payments in respect of the Notes will be made free and clear of all taxes, duties, fees or other charges of Ireland or the Russian Federation, other than as required by law. If any taxes, duties, fees or other charges are payable in the above jurisdictions (or, subject to certain exceptions, any other jurisdictions in which the Issuer or any successor is resident for tax purposes), the sum payable by our company will be required (subject to certain exceptions) to be increased to the extent necessary to ensure that the Issuer receives and retains a net sum which it would have received and retained free from any liability in respect of any such deduction or withholding had no such deduction or withholding been made or required to be made. The sole obligation of the Issuer in this respect will be to pay to the relevant Noteholders sums equivalent to the sum received and retained from our company.
Listing	The prospectus has been approved by the Central Bank as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act and the Issuer has not and will not be registered under the Investment Company Act and, subject to certain exceptions, the Notes may not be offered or sold within the United States. The Notes may be sold in other jurisdictions only in compliance with applicable laws. See the sections of this prospectus entitled "Form of Notes and Transfer Restrictions" and "Subscription and Sale."
Governing Law	The Notes and any non-contractual matters arising therewith will be governed by English law.

The Loans

Lender	VIP Finance Ireland Limited
Borrower	Open Joint Stock Company "Vimpel-Communications"
Principal Amount	US$ 500,000,000 (the "A Loan") US$ 1,000,000,000 (the "B Loan")
Interest	The A Loan will accrue interest from the date of issuance of the A Notes at a rate of 6.493% per year. Interest on the A Loan will be payable semi-annually in arrear on February 2 and August 2 of each year, commencing on August 2, 2011. The B Loan will accrue interest from the date of issuance of the B Notes at a rate of 7.748% per year. Interest on the B Loan will be payable semi-annually in arrear on February 2 and August 2 of each year, commencing on August 2, 2011.
Security and Ranking	The Loans will not be secured by any collateral. The Loans will effectively rank below all of our secured debt and the debt and other liabilities of our subsidiaries. Our obligations under the Loans will rank equal in right of payment with our other senior unsecured debt.
Optional Redemption	The Loans may be prepaid at our option in whole, but not in part, at any time, at the principal amount thereof, together with accrued and unpaid interest and additional amounts, if any, to the date of repayment, in the event we are required to pay additional amounts on account of Russian or Irish withholding taxes or in the event that we are required to pay additional amounts on account of certain costs incurred by the Lender pursuant to the related Loan Agreement.
Mandatory Repayments	In the event that it becomes unlawful for the Lender to fund a Loan or allow a Loan to remain outstanding under the related Loan Agreement or allow the Notes to remain outstanding, we may be required by the Lender to repay the related Loan in full.
Covenants	The Loan Agreements will, among other things, restrict, with certain exceptions, the ability of our company and our subsidiaries to create or incur liens. In addition, the Loan Agreements require us to provide certain periodic financial information to the Lender and the Trustee and requires us, subject to certain exceptions, to maintain our corporate existence and material telecommunications licenses.
Events of Default	In the case of an Event of Default (as defined in the Loan Agreements), the Trustee may, subject as provided in the related Trust Deed, require the Lender to declare all amounts payable under the related Loan Agreement by our company to be due and payable.
Use of Proceeds	We intend to use the aggregate net proceeds from the Loans either for our general corporate purposes or to lend all or a portion of the net proceeds to VimpelCom Ltd. or one of its wholly owned subsidiaries to use for its general corporate purposes, which may include (i) funding a portion of the cash consideration to be paid in connection with VimpelCom Ltd.'s acquisition of Wind Telecom or (ii) following the closing of the acquisition of Wind Telecom, refinancing by direct or indirect intercompany loan a portion of the indebtedness associated with Wind Telecom's indirect subsidiary Orascom Telecom, including indebtedness of

(a) Weather Capital Special Purpose 1 S.A., which owns Orascom Telecom, (b) Orascom Telecom, (c) Orascom Telecom Oscar S.A., and (d) Orascom Telecom Finance S.C.A. The distribution of all or a portion of the net proceeds of the Loans to VimpelCom Ltd. or one of its wholly owned subsidiaries and any subsequent refinancing as well as its terms depends upon the closing of the acquisition of Wind Telecom, which is subject to the satisfaction of certain conditions precedent. None of the proceeds from the issuance of the Notes will be used to fund, finance or facilitate any activity, business or transaction that is the subject of a sanctions regime administered or enforced by the U.S. Department of Treasury's OFAC, the UN Security Council, the European Union or other relevant sanctions authorities.

RISK FACTORS

Investing in the Notes involves a high degree of risk. Before purchasing the Notes, you should carefully consider all of the information set forth in this prospectus and, in particular, the risks described below. If any of the following risks actually occurs, our business, financial condition or results of operations could be adversely affected. In that case, the value of the Notes could decline and you could lose all or part of your investment.

The risks and uncertainties below are not the only ones we face, but represent the risks that we believe are material. However, there may be additional risks that we currently consider not to be material or of which we are not currently aware and these risks could have the effects set forth above.

Risks Related to Our Business

Substantial leverage and debt service obligations may materially adversely affect our cash flow.

We have substantial amounts of outstanding indebtedness. As of September 30, 2010, our total debt for equipment financing, capital leases, bank and other loans was approximately US$5,997.5 million on an actual basis and US$7,497.5 million on a pro forma basis after giving effect to the Loans. In connection with our indirect parent company VimpelCom Ltd.'s potential acquisition of Wind Telecom, which until December 30, 2010, was known as Weather Investments S.p.A., in the Weather Transaction, we expect to assist VimpelCom Ltd. in financing the Weather Transaction by obtaining external financing, including the Notes, and/or guaranteeing debt raised by VimpelCom Ltd. or its subsidiaries. To this end, on December 3, 2010, VimpelCom Ltd. signed a mandate letter (with accompanying term sheet) under which a group of banks will provide bridge financing either to VimpelCom Ltd. with our guarantee or to us (for funding to VimpelCom Ltd.) at the option of VimpelCom Ltd., in a principal amount of up to US$4,000.0 million (the "Bridge Financing"). We may also obtain financing by borrowing from a Russian bank an amount of up to US$2,500.0 million (the "Russian Bank Financing"), but no commitment for that financing has been signed by either the Russian bank or our company because fees would begin to accrue upon the signing of that commitment. We anticipate that approximately US$5,000.0 million in financing will be required for the Weather Transaction, plus potentially additional amounts of up to US$770.0 million if the transfer of certain Wind Telecom assets to Wind Telecom shareholders, at or after the closing of the Weather Transaction, cannot be effected. Any funds we lend to VimpelCom Ltd. or its subsidiaries (including the proceeds of the Loans) may be used for cash consideration for the Weather Transaction or to refinance a portion of the indebtedness associated with Wind Telecom's indirect subsidiary Orascom Telecom and related entities. To the extent that the proceeds of the Loans or any additional debt obligations we incur are lent or distributed to VimpelCom Ltd. or its subsidiaries who are not our subsidiaries, we may not have the availability of the proceeds of that debt to support our company's operations and debt service obligations. There can be no assurance that we would be able to recover any amounts we lend to, or any amounts paid on guarantees for the benefit of, VimpelCom Ltd. or its subsidiaries. Furthermore, because the acquisition of Wind Telecom would be undertaken by our parent company, we would not derive additional sources of cash flow or revenues from such a transaction and will have to satisfy our debt service obligations from our existing cash flow and revenue sources. For more information regarding the Weather Transaction, see the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments and Trends." For more information regarding our outstanding indebtedness, see the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing activities."

From time to time, we may enter into guarantee arrangements on behalf of our parent companies, including debt guarantees. These guarantee arrangements enhance the credit standing of our parent companies, enabling our parent companies to borrow money for their general corporate and other purposes. These guarantee arrangements may involve elements of performance and credit risk for our company, which will not be included on our consolidated balance sheets. The possibility of us having to perform under any guarantee we issue on behalf of our parent companies is largely dependent upon the future performance of our parent companies, investees and other third parties, or the occurrence of certain future events. Any guarantees issued by us on behalf of our parent companies may increase our potential exposure in the event of a default by our parent, which could have a material adverse effect on our future financial condition and results of operations, as well as a negative impact on our liquidity.

Our substantial leverage and the limits imposed by our debt obligations could have significant negative consequences, including making it difficult for us to satisfy our obligations with respect to the Notes; requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for working capital, capital expenditures, acquisitions, joint ventures and other purposes; increasing our

vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions; limiting our ability to obtain additional financing and increasing the cost of such financing; and placing us at a possible competitive disadvantage relative to less leveraged competitors which have greater access to capital resources.

We must generate sufficient net cash flow in order to meet our debt service obligations, and we cannot assure you that we will be able to meet such obligations. If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments, we would be in default under the terms of our indebtedness and the holders of our indebtedness would be able to accelerate the maturity of such indebtedness and could cause defaults under our other indebtedness.

If we do not generate sufficient cash flow from operations in order to meet our debt service obligations, we may have to undertake alternative financing plans to alleviate liquidity constraints, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital expenditures or seeking additional capital. We cannot assure you that any refinancing or additional financing would be available on acceptable terms, or that assets could be sold, or if sold, the timing of the sales, whether such sales would be on satisfactory terms and whether the proceeds realized from those sales would be sufficient to meet our debt service obligations. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance debt on commercially reasonable terms, could materially adversely affect our business, financial condition, results of operations and business prospects.

Covenants in our debt agreements could impair our liquidity and our ability to expand or finance our future operations.

Agreements under which we borrow funds (as set forth in further detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing activities") contain a number of different covenants that impose on us certain operating and financial restrictions. Some of these covenants relate to the financial performance of our company, such as the level of earnings, debt, assets and shareholders' equity. Other covenants limit the ability of, and in some cases prohibit, among other things, our company and certain of our subsidiaries from incurring additional indebtedness, creating liens on assets, entering into business combinations or engaging in certain activities with companies within our group. A failure to comply with these covenants would constitute a default under these relevant agreements and could trigger cross payment default/cross acceleration provisions under some or all of these agreements discussed above. In the event of such a default, the debtor's obligations under one or more of these agreements could, under certain circumstances, become immediately due and payable, which could have a material adverse effect on our business, our liquidity and our shareholders' equity.

We may not be able to raise additional capital.

The actual amount of debt financing that we will need to raise will be influenced by the actual pace of subscriber growth and growth in usage over the period, capital expenditures, our acquisition plans and our ability to continue to generate sufficient amounts of revenue and ARPU growth. If we incur additional indebtedness, the related risks that we now face could increase. Specifically, we may not be able to generate enough cash to pay the principal, interest and other amounts due under our indebtedness. Due to a variety of factors, including a significant tightening in credit standards, deterioration in the availability of financing, or significant rise in interest rates in Russia, the United States or the European Union, we may not be able to borrow money within the local or international capital markets on acceptable terms or at all. As a result, we may be unable to make desired capital expenditures, take advantage of investment opportunities, refinance existing indebtedness or meet unexpected financial requirements, and our growth strategy and liquidity may be negatively affected. This could cause us to be unable to repay indebtedness as it comes due, to delay or abandon anticipated expenditures and investments or otherwise limit operations, which could materially adversely affect our business, financial condition, results of operations and business prospects.

Our debts denominated in foreign currencies expose us to foreign exchange loss and convertibility risks.

We have introduced Russian ruble denominated mobile and fixed-line tariff plans throughout our license areas in Russia and we denominate tariffs in local currencies in most of our geographic areas of operation. As we continue to have U.S. dollar- and Euro-denominated debts and continue to buy our telecommunications equipment in foreign currencies, we are exposed to higher foreign exchange loss risks related to the varying exchange rate of the Russian ruble and local currencies against the U.S. dollar or Euro. Unless properly hedged, these risks could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we will be

able to effectively hedge currency fluctuations due to the cost or availability of hedging instruments. Also, the imposition of exchange controls or other similar restrictions on currency convertibility in our geographic areas of operation could limit our ability to convert currencies in a timely manner or at all, which could have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in the value of the Russian ruble and CIS currencies against the U.S. dollar, as well as our ability to convert our revenues, could materially adversely affect our business, financial condition and results of operations.

A significant amount of our costs, expenditures and liabilities are denominated in U.S. dollars, including capital expenditures and borrowings. We are required to collect revenues from our subscribers and from other Russian telecommunications operators for interconnect charges in Russian rubles, and there may be limits on our ability to convert these Russian rubles into foreign currency. We hold part of our readily available cash in U.S. dollars and Euros in order to manage against the risk of Russian ruble devaluation. Even though we have entered into forward and option agreements to hedge some of our financial obligations, if the U.S. dollar value of the Russian ruble were to dramatically decline, we could have difficulty repaying or refinancing our foreign currency denominated indebtedness. Significant changes in the Russian ruble to the value of the U.S. dollar or the Euro, unless effectively hedged, could result in significant variability in our earnings and cash flows. There can be no assurance that we will be able to effectively hedge currency fluctuations due to the cost or availability of hedging instruments. An increase in the Russian ruble value of the U.S. dollar could, unless effectively hedged, result in a net foreign exchange loss due to an increase in the Russian ruble value of our U.S. dollar denominated liabilities. In turn, our net income could decrease. Accordingly, fluctuations in the value of the Russian ruble against the U.S. dollar could materially adversely affect our business, financial condition and results of operations. For more information about the market risks we are exposed to as a result of foreign currency exchange rate fluctuations, please see the section of this prospectus entitled "Management's Discussion and Analysis of Financial Conditions and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk."

In Kazakhstan, our costs, expenditures and current liabilities are denominated in the Kazakh tenge. Although our tariffs are also denominated in the Kazakh tenge, our subsidiary KaR-Tel has long-term financial liabilities denominated in the U.S. dollar. If the U.S. dollar value of the Kazakh tenge declines, we could have difficulty repaying or refinancing our foreign currency denominated indebtedness, which could have a material adverse effect on our business, financial condition and results of operations. Also, the imposition of exchange controls or other similar restrictions on currency convertibility in Kazakhstan, Ukraine, Uzbekistan and other CIS countries could limit our ability to convert currencies in a timely and profitable manner, which could adversely affect our business, financial condition and results of operations.

The international economic environment could have a material adverse affect on our business.

In late 2008, the economies of Russia and all other markets in which we operate were adversely affected by the international economic crisis. Among other things, the crisis led to a slowdown in gross domestic product growth, devaluations of the currencies in Russia and the other markets in which we operate and a decrease in commodity prices. Although economic conditions have improved, the timing of a return to sustained economic growth and consistently positive economic trends is difficult to predict. In addition, because Russia and Kazakhstan, currently our two largest markets, produce and export large amounts of oil, their economies are particularly vulnerable to fluctuations in the price of oil on the world market and those fluctuations can adversely affect such economies. The current difficult economic environment and any future downturns in the economies of Russia and the other markets in which we operate or may operate in the future could diminish demand for our services, constrain our ability to retain existing subscribers and collect payments from them and prevent us from executing our growth strategy. Adverse economic conditions could also hurt our liquidity and prevent us from obtaining financing needed to fund our development strategy, which could have a material adverse effect on our business, financial condition and results of operations.

The interests of VimpelCom Ltd. and its two largest shareholders may conflict with our commercial interests and the interests of Noteholders.

As a result of the VimpelCom Ltd. Transaction, our company is now wholly owned and controlled by VimpelCom Ltd. VimpelCom Ltd.'s two largest shareholders, Telenor and Altimo, and their respective affiliates, beneficially own, in the aggregate, more than 75.0% of VimpelCom Ltd.'s outstanding voting shares. As a result,

these shareholders, if acting together, may have the ability to determine the outcome of matters submitted to VimpelCom Ltd.'s shareholders for approval, including the acquisition of assets by us. In addition, these shareholders have entered into a shareholders agreement, or the VimpelCom Ltd. Shareholders Agreement, which gives them the ability to influence our management and affairs by giving each of them the right to nominate one candidate to our five-person board of directors. The VimpelCom Ltd. Shareholders Agreement also includes a voting arrangement that determines the composition of VimpelCom Ltd.'s supervisory board and grants each of Telenor and Altimo the right to appoint three of the nine members of the VimpelCom Ltd. supervisory board and to jointly appoint the remaining three members of the VimpelCom Ltd. supervisory board. Under the VimpelCom Ltd. group's corporate governance structure, significant corporate action by our company requires the prior approval of the VimpelCom Ltd. supervisory board.

VimpelCom Ltd. also controls Kyivstar and in the future may pursue other acquisition opportunities which could further shift the focus of its major shareholders from our company. VimpelCom Ltd. could, and acting jointly the nominees of Telenor and Altimo to the VimpelCom Ltd. supervisory board could, cause us to take corporate actions or block corporate decisions by our company, including with respect to our capital structure, financings and acquisitions, which may not be in our best interest or in the best interest of minority shareholders of VimpelCom Ltd. or other securityholders, including holders of the Notes. For example, VimpelCom Ltd. or its shareholders could cause us to incur additional indebtedness, to make intercompany loans and dividends (including to directly or indirectly support other subsidiaries of VimpelCom Ltd. that are not our subsidiaries) or to sell certain material assets, in each case so long as our debt instruments and applicable law so permit. VimpelCom Ltd.'s stated dividend policy is to distribute annual dividends in an amount equal to at least 50.0% of the free cash flow (which means net income plus depreciation and amortization minus capital expenditures) from Kyivstar and 50.0% of the free cash flow from our company's Russian operations, subject to the VimpelCom Ltd. supervisory board's determination that sufficient legal reserves are available taking into account the VimpelCom Ltd. group's then-current leverage position. Incurring additional indebtedness would increase our debt service obligations, increasing our dividends would reduce our access to funds for corporate purposes, including debt service, and selling assets could reduce our ability to generate revenues, each of which could adversely affect our business, financial condition, results of operations and the Noteholders.

Additionally, VimpelCom Ltd. contemplates that it will be the VimpelCom group's holding company for operations outside of Russia and Ukraine and the primary vehicle for expansion into emerging markets. In the VimpelCom Ltd. Shareholders Agreement, the parties thereto, including VimpelCom Ltd., Telenor and Altimo, agreed to cause all of our non-Russian operations to be transferred to VimpelCom Ltd., provided that this can be done in a tax-efficient manner. Any such transfer could deprive us of sources of current or future income, such as dividend income from KaR-Tel. Moreover, as discussed above, VimpelCom Ltd. may rely on the cash flow generated by our Russian operations as a major source of financial support for its international expansion.

For more information about our and VimpelCom Ltd.'s major shareholders, please see the section of this prospectus entitled "Major Shareholders."

If the Weather Transaction were to close, it is intended that shares issued to shareholders of Wind Telecom would represent a 20.0% economic interest and a 30.6% voting interest in the enlarged VimpelCom Ltd. group. These additional shareholders may have interests that are different from and conflict with our interests, the interests of existing shareholders or minority shareholders of VimpelCom Ltd. or other securityholders, including holders of the Notes.

VimpelCom Ltd.'s strategic shareholders may pursue different development strategies from us and from one another in Russia, the CIS or other regions, which may hinder our company's ability to expand and/or compete in such regions and may lead to a deterioration in the relationship between VimpelCom Ltd.'s two strategic shareholders.

In 2003, Alfa Group, one of VimpelCom Ltd.'s strategic shareholders, acquired a stake in Open Joint Stock Company "MegaFon," or MegaFon, one of our main competitors. At the time, Alfa Group confirmed that following its acquisition of a stake in MegaFon, our company continues to be its primary investment vehicle in the Russian telecommunications industry. If Alfa Group's investment focus shifts in favor of MegaFon, our company may be deprived of the important benefits and resources that it derives from Alfa Group's current telecommunications investment policy. Additionally, a shift in Alfa Group's focus in favor of MegaFon may hinder our activities and operations and may prevent our further expansion.

In the past, Telenor and Alfa Group have had different strategies from us and from one another in pursuing development in the CIS or other regions outside of the CIS. For example, prior to the VimpelCom Ltd. Transaction,

an affiliate of Telenor and a member of the Alfa Group of companies reportedly owned 56.5% and 43.5%, respectively, of Kyivstar. According to VimpelCom Ltd. and public reports, companies in the Telenor group and the Alfa Group historically were involved in various disputes and litigations regarding their ownership of and control over Kyivstar. We cannot assure you that we, the Telenor group and the Alfa Group will not choose to pursue different strategies, including in markets or countries where the Telenor group and/or the Alfa Group have a presence. Furthermore, if and to the extent that VimpelCom Ltd.'s strategic shareholders have different expansion strategies, it could lead to a deterioration in their relationship which could have a material adverse effect on our business, financial condition, results of operations and business prospects. The VimpelCom Ltd. Shareholders Agreement limits our ability to enter a market or country in which either the Telenor group or the Alfa Group already has an interest or an investment. As a result, we may be prevented from expanding our operations into new countries where one or both of VimpelCom Ltd.'s strategic shareholders have existing operations or investments on favorable terms or at all.

VimpelCom Ltd.'s two largest shareholders have been involved in various disputes and litigation for the past five years which, if resumed, could lead to a further deterioration in their relationship that could have a material adverse effect on our business, financial condition, results of operations and prospects and which could subject us to further claims.

According to VimpelCom Ltd. and public reports, during the past five years VimpelCom Ltd.'s two largest shareholders, Telenor and Alfa Group, have been involved in various disputes and litigation regarding their ownership of and control over our company and Kyivstar. In October 2009, Telenor and Alfa Group entered into agreements under which, among other things, they agreed to dismiss or withdraw or to cause the dismissal or withdrawal of outstanding legal proceedings between, or involving, them and their respective affiliates, and reportedly they did so.

On December 20, 2010, Telenor publicly expressed opposition to the Weather Transaction in a press release. On January 10, 2011, Altimo informed VimpelCom Ltd. that one of its affiliates owns shares in Orascom Telecom sufficient in value for the Weather Transaction to be treated as a "Related M&A Transaction" under the VimpelCom Ltd. Shareholders Agreement, which provides that the issuance of VimpelCom Ltd. shares in a Related M&A Transaction such as the Weather Transaction would not be subject to any pre-emptive rights for Altimo or Telenor under the VimpelCom Ltd. Shareholders Agreement. Before its supervisory board met on January 16, 2011, VimpelCom Ltd. also received letters from Telenor asserting that it would be entitled to pre-emptive rights on the issuance of new shares in the Weather Transaction. Telenor alleged in its letters that Altimo's actions through its affiliate having acquired shares in Orascom Telecom was a breach of the clause in the VimpelCom Ltd. Shareholders Agreement which requires the parties to act in good faith and in a constructive manner, such as to give effect to the provisions of that agreement, and also that by approving the Weather Transaction VimpelCom Ltd. will be actively participating in Altimo's efforts to prevent Telenor from exercising its pre-emptive rights. Telenor has stated that it will pursue all available remedies against VimpelCom Ltd., Altimo and Wind Telecom shareholders in the event any shares are issued to the Wind Telecom shareholders without giving effect to Telenor's claimed pre-emptive rights. At its meeting on January 16, 2011, the supervisory board of VimpelCom Ltd. concluded that the Weather Transaction should be regarded as a Related M&A Transaction (therefore not subject to any pre-emptive rights for either Altimo or Telenor) and approved the Weather Transaction by a vote of six to three. The three Telenor nominees on the supervisory board voted against the Weather Transaction. On January 17, 2011, Telenor issued a press release stating its opposition to the Weather Transaction and stating that it will vote against the approval of the issuance of new shares to Wind Telecom shareholders at the special general meeting of VimpelCom Ltd. shareholders for that purpose scheduled for March 17, 2011.

Telenor's opposition to the Weather Transaction could lead to further disputes or litigation between VimpelCom Ltd.'s two largest shareholders, and litigation against VimpelCom Ltd., its officers and directors, causing their relationship to deteriorate further, and as a result we could suffer material adverse effects on our business, financial condition, results of operations and prospects.

A disposition by one or both of VimpelCom Ltd.'s strategic shareholders of their respective stakes in VimpelCom Ltd. or a change in control of VimpelCom Ltd. could harm our business.

Our debt agreements have had, and in the future may have, "change of control" provisions that may require us to make a prepayment if certain parties acquire beneficial or legal ownership of or control over more than 50.0% of our shares, which could occur if certain parties acquired more than 50.0% of our parent company, VimpelCom

Ltd. If a change of control is triggered and we fail to make any required prepayment, this could lead to an event of default, and could trigger cross default/cross acceleration provisions under certain of our other debt agreements. In such event, our obligations under one or more of these agreements could become immediately due and payable, which would have a material adverse effect on our business, financial condition and results of operations.

We derive benefits and resources from the participation of Telenor and Alfa Group in the VimpelCom Ltd. group. If either Telenor or Alfa Group were to dispose of its stake in VimpelCom Ltd., either voluntarily or involuntarily, our company may be deprived of the benefits and resources that it derives from Telenor and Alfa Group, respectively, which could have a material adverse effect on our business, financial condition and results of operations.

We may not realize the anticipated benefits from acquisitions and we may assume unexpected or unforeseen liabilities and obligations or incur greater than expected liabilities in connection with acquisitions.

The actual outcome of our acquisitions and their effect on our company and the results of our operations may differ materially from our expectations as a result of the following factors, among others:

- past and future compliance with the terms of the telecommunications license and permissions of the acquired companies, their ability to get additional frequencies and their past and future compliance with applicable laws, rules and regulations (including, without limitation, tax and customs legislation);
- unexpected or unforeseen liabilities or obligations or greater than expected liabilities incurred prior to or after the acquisition, including tax, customs, indebtedness and other liabilities;
- the acquired company's inability to comply with the terms of its debt and other contractual obligations;
- the acquired company's ability to obtain or maintain favorable interconnect terms;
- our inability to extract anticipated synergies or to integrate an acquired business into our group in a timely and cost-effective manner;
- changes to the incumbent management personnel of our acquired companies or the possible deterioration of relationships with employees and customers as a result of integration;
- exposure to foreign exchange risks that are difficult or expensive to hedge;
- the acquired company's inability to protect its trademarks and intellectual property and to register trademarks and other intellectual property used by such company in the past;
- developments in competition within each jurisdiction, including the entry of new competitors or an increase in aggressive competitive measures by our competitors;
- governmental regulation of the relevant industry in each jurisdiction, ambiguity in regulation and changing treatment of certain license conditions;
- political economic, social, legal and regulatory developments and uncertainties in each jurisdiction; and
- claims by third parties challenging our ownership or otherwise.

For information about our acquisitions, please see the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Investing Activities."

Our company may still pursue a strategy that includes additional expansion. Any future acquisitions or investments could be significant and in any case could involve risks inherent in assessing the value, strengths and weaknesses of such opportunities, particularly if we are unable to conduct thorough due diligence prior to the acquisition. Such acquisitions or investments may divert our resources and management time. We cannot assure you that any acquisition or investment could be made in a timely manner or on terms and conditions acceptable to us.

On September 16, 2009, we signed an agreement for the acquisition of a 78.0% stake in Millicom Lao Co., Ltd., a mobile telecommunications operator with operations in the Lao PDR, from Millicom Holding B.V.

(Netherlands), or Millicom, and Cameroon Holdings B.V. (Netherlands). The transaction has not yet been closed by us due to the absence of an endorsement from the Lao government. On March 31, 2010, Millicom notified us that we had not completed the agreement to acquire Millicom's 74.1% holding in Millicom Lao Co. Ltd. despite all conditions precedent having been met. On April 16, 2010, we responded to this letter explaining that we are attempting to resolve outstanding matters with the Lao government. On May 11, 2010, Millicom sent us another letter saying that although they are prepared to continue discussions, they reserve their rights under the terms of the agreement, including the right to commence legal proceedings in relation to our breaches of obligations under the agreement. We continue to seek the endorsement of the Lao government, however, there is no assurance that we will receive the endorsement and complete the transaction. If we do not complete the transaction, Millicom may bring an action against us. For information about this transaction, please see the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Investing Activities—Other acquisitions and dispositions."

A deterioration in macroeconomic conditions could require us to write down goodwill on certain of our reporting units.

When we purchase a company, we record the difference between the fair value of the assets and the purchase price as goodwill. This goodwill is subject to impairment tests on an ongoing basis. We had goodwill impairment charges of US$315.0 million in our fixed operations in Russia and US$53.8 million in our Ukrainian mobile operations in 2008. A deterioration in macroeconomic conditions in the countries in which we operate and/or a significant difference between the performance of an acquired company and the business case assumed at the time of acquisition could require us to further write down the value of the goodwill. A write down in goodwill could impact the covenants under our debt agreements and could lead to a material adverse effect on our business, financial condition and results of operations.

Our revenues are often unpredictable and our revenue sources are short-term in nature.

Future revenues from our prepaid mobile subscribers, our primary source of revenues, and our contract mobile subscribers are unpredictable. We do not require our prepaid mobile subscribers to enter into long-term service contracts and cannot be certain that they will continue to use our services in the future. We require our contract mobile subscribers to enter into service contracts; however, many of these service contracts can be cancelled by the subscriber with limited advance notice and without significant penalty. Our churn rate fluctuates significantly and is difficult to predict. Our churn rate (based on active subscribers) was 36.6% for the nine months ended September 30, 2010 and 45.8% and 38.2% in 2009 and 2008, respectively. Consumption of mobile telephone services is driven by the level of consumer discretionary income. Deterioration in the economic situation could cause subscribers to have less discretionary income, thus affecting their spending on our services. The loss of a larger number of subscribers than anticipated could result in a loss of a significant amount of expected revenues. Because we incur costs based on our expectations of future revenues, our failure to accurately predict revenues could adversely affect our business, financial condition, results of operations and business prospects.

We could be subject to claims by the Russian tax inspectorate that could have a material adverse effect on our business.

Tax audits both in Russia and in other countries in which we operate are conducted regularly. We have been subject to substantial claims by the Russian tax inspectorate with respect to other tax years for which we have been audited in the past. These claims have resulted in additional payments, including fines and penalties, by our company to the tax authorities. We have challenged and are currently challenging certain claims by the Russian tax inspectorate in court. A tax audit is currently being conducted with respect to our 2007 and 2008 Russian tax filings. Kazakh tax authorities are also conducting a tax audit of KaR-Tel for its tax filings from 2005 to 2009. For more information regarding tax claims and their effects on our financial statements, see the sections of this prospectus entitled "Our Company—Legal Proceedings" and note 9 to our unaudited interim consolidated financial statements included elsewhere in this prospectus. In addition, for more information concerning the tax risks we face, see the risk factor in this section entitled "—Risks Related to the Legal and Regulatory Environment in Russia and the CIS—Russian tax laws, regulations and court practice are subject to frequent change, varying interpretations and inconsistent and selective enforcement."

Although we are permitted to challenge in court the decisions of tax inspectorates, there can be no assurance that we will prevail in our litigation with tax inspectorates. In addition, there can be no assurance that the tax

authorities will not claim on the basis of the same asserted tax principles they have claimed against us for prior tax years or different tax principles that additional taxes are owed by our company for prior or future tax years or that the relevant governmental authorities will not decide to initiate a criminal investigation in connection with claims by tax inspectorates for prior tax years. The adverse resolution of these or other tax matters that may arise could have a material adverse effect on our business, financial condition and results of operations.

Our competitors may receive preferential treatment from the regulatory authorities and benefit from the resources of their shareholders, potentially giving them a substantial competitive advantage over us.

Our competitors, including Mobile TeleSystems OJSC, or MTS, MegaFon, Telecommunication Investment Joint Stock Company Svyazinvest, or Svyazinvest, GSM Kazakhstan and others, may receive preferential treatment from the regulatory authorities and benefit from the resources of their shareholders, potentially giving them a substantial competitive advantage over us. Additionally, current or future relationships among our competitors and third parties may restrict our access to critical systems and resources. New competitors or alliances among competitors could rapidly acquire significant market share. We cannot assure you that we will be able to forge similar relationships or successfully compete against them.

Recent press reports indicate that the Russian government is planning to reorganize Svyazinvest, the state-controlled telecommunications company, and create a fourth federal mobile communications operator. If this plan is successfully realized, the newly organized company may receive preferential treatment from the regulatory authorities in licensing, frequency allocation, tariff regulation, access to existing infrastructure, and the regulatory regime, among others, and may receive favorable pricing terms for interconnection from state-controlled regional fixed line operators.

Increased competition and a more diverse subscriber base in our mobile business may have a material adverse effect on our results of operations, including revenues.

We cannot assure you that our revenue will grow in the future, as mobile subscriber growth rates slow and competition puts pressure on prices. Nevertheless, our business strategy contemplates revenue growth and we are expending significant resources to increase our revenues, particularly by building a 3G network and by marketing new products and value added services to both our existing subscribers and new corporate and business subscribers. If we are unsuccessful in our marketing campaigns or the services we introduce are not well received by consumers, or in the event of any delays in developing our 3G network, we will not generate the revenue anticipated and our ARPU may decline, which may materially adversely affect our business, financial condition and results of operations. For more information on competition we face in the market for mobile services, see the section of this prospectus entitled "Our Company—Competition—Mobile Services."

In addition, as the subscriber penetration rates increase and the markets in which we operate mature, mobile services providers, including our company, may be forced to utilize more aggressive marketing schemes to retain existing subscribers and attract new ones. If this were to occur, our company may choose to adopt lower tariffs, offer handset subsidies or increase dealer commissions, any or all of which could materially adversely affect our business, financial condition and results of operations.

If we are unable to maintain our favorable brand image, we may be unable to attract new subscribers and retain existing subscribers, leading to loss of market share and revenues.

We have expended significant time and resources building our "Beeline" brand image. Our ability to attract new subscribers and retain existing subscribers depends in part on our ability to maintain what we believe to be our favorable brand image. Negative rumors or various claims by Russian or foreign governmental authorities, individual subscribers and third parties against our company could materially adversely affect this brand image. In addition, consumer preferences change and our failure to anticipate, identify or react to these changes by providing attractive services at competitive prices could negatively affect our market share. We cannot assure you that we will continue to maintain a favorable brand image in the future. Any loss of market share resulting from any or all of these factors could negatively affect our business, financial condition and results of operations.

If we cannot attract, train, retain and motivate qualified personnel, then we may be unable to successfully manage our business or otherwise compete effectively in the telecommunications industry, which could have a material adverse effect on our business.

To successfully manage our business, we depend in large part upon our ability to attract, train, retain and motivate highly skilled employees and management. There is significant competition for such employees, particularly during economic downturns such as the one we recently experienced. We may lose some of our most talented personnel to our competitors. If we cannot attract, train, retain and motivate qualified personnel, then we may be unable to successfully manage our business or otherwise compete effectively in the telecommunications industry, which could have a material adverse effect on our business, financial condition, results of operations and business prospects.

We may not be able to recover, or realize the value of, the debt investments that we make in our subsidiaries.

We lend funds to, and make further debt investments in, one or more of our subsidiaries under intercompany loan agreements and other types of contractual agreements. Certain of our subsidiaries are also parties to third-party financing arrangements that restrict our ability to recover our investments in these subsidiaries through the repayment of loans or dividends. For more information regarding our subsidiaries' indebtedness, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing activities." The restrictions on our subsidiaries to repay debt may make it difficult for us to meet our debt service obligations, which may adversely affect our business, financial condition, results of operations and business prospects.

Claims by the former shareholders of Limited Liability Partnership KaR-Tel and/or the Turkish Savings Deposit Insurance Fund or others may result in increased liabilities and obligations, including possible defaults under our outstanding indebtedness, and deprive us of the value of our ownership interest in KaR-Tel.

On January 10, 2005, KaR-Tel received an "order to pay" issued by the Savings Deposit Insurance Fund, or the Fund, a Turkish state agency responsible for collecting state claims arising from bank insolvencies, in the amount of approximately US$5.0 billion (stated as approximately Turkish Lira 7.6 quadrillion and issued prior to the introduction of the New Turkish Lira, which became effective as of January 1, 2005). Our company believes that the order to pay is without merit. We challenged it in the Administrative Court of Istanbul, which, on October 25, 2010, ruled in our favor and cancelled the order to pay. However, the Fund has appealed the ruling and there can be no assurance that the ruling will not be overturned, that KaR-Tel will ultimately prevail in its petition for the cancellation of the order to pay or that we will not be subject to protracted litigation with the Fund or others. The adverse resolution of this matter and any other matter that may arise in connection with the order to pay issued by the Fund or any other claims made by the Fund or the former shareholders of KaR-Tel, could have a material adverse effect on our business, financial condition and results of operations, including an event of default under some or all of our outstanding indebtedness. For more information about our litigation relating to KaR-Tel, please see the section of this prospectus entitled "Our Company—Legal Proceedings."

We may be subject to claims in connection with Sky Mobile.

On February 13, 2008, we advanced to Crowell Investments Limited, or Crowell, a loan in the principal amount of US$350.0 million. Crowell owns 25.0% of KaR-Tel's parent company, Limnotex Developments Limited, or Limnotex, while VimpelCom owns the remaining 75.0%. The loan agreement was entered into after Crowell acquired the entire issued share capital of the parent company of Limited Liability Company Sky Mobile, or Sky Mobile, a mobile operator in Kyrgyzstan. In connection with the loan, Crowell granted our company two call options over the entire issued share capital of Sky Mobile's parent company. In March 2008, KaR-Tel and Sky Mobile entered into a management agreement pursuant to which KaR-Tel agreed to assist in operation and management of Sky Mobile's mobile network and, on an exclusive basis, with provision of products and services in Kyrgyzstan. On May 15, 2009, VimpelCom and Sky Mobile also entered into a trademark license agreement for the non-exclusive use of "Beeline" brand by Sky Mobile. In October 2010, our company acquired 50.0% plus one share of the share capital of Menacrest Limited, the parent company of Sky Mobile, from Crowell in exchange for a set-off of a portion of our loan to Crowell. At the same time, the KaR-Tel management agreement with Sky Mobile was terminated.

Since November 2006, the previous Chief Executive Officer and directors of our company have received several letters from MTS and its representatives asserting that Sky Mobile's business and its assets were misappropriated from Bitel, an MTS affiliate, and demanding that we not purchase Sky Mobile, directly or indirectly, or participate or assist in the sale of Sky Mobile to any other entities. These letters have suggested that MTS will take any and all legal action necessary against our company in order to protect MTS's interest in Bitel and Bitel's assets, including Bitel's alleged interests in certain of Sky Mobile's assets. There can be no assurance that MTS or any other party will not bring an action against our company and KaR-Tel in connection with Sky Mobile or, if so brought, that we will prevail in any such lawsuit. The adverse resolution of any matter that may arise in connection with Sky Mobile could have a material adverse effect on our company, its business, its expansion strategy and its financial results. Sky Mobile is also a defendant in litigation in the Isle of Man. For more information on legal proceedings related to Sky Mobile, please refer to the section of this prospectus entitled "Our Company—Legal Proceedings—Sky Mobile Litigation."

Our licenses may be suspended or revoked and we may be fined or penalized for alleged violations of law or regulations.

We are required to meet certain terms and conditions under our licenses, including meeting certain conditions established by the legislation regulating the communications industry. For more information on our licenses and their related requirements, please see the sections of this prospectus entitled "Our Company—Licenses" and "Regulation of Telecommunications."

If we fail to comply with the conditions of our licenses or with the requirements established by the legislation regulating the communications industry, or if we do not obtain permits for the operation of our equipment, use of frequencies or additional licenses for broadcasting directly or through agreements with broadcasting companies, we anticipate that we would have an opportunity to cure any non-compliance. However, we cannot assure you that we will receive a grace period, and we cannot assure you that any grace afforded to us would be sufficient to allow us to cure any remaining non-compliance. In the event that we do not cure any remaining non-compliance, the applicable regulator could decide to suspend and seek termination of the license. The occurrence of any of these events could materially adversely affect our ability to build out our networks in accordance with our plans and could harm our reputation.

If we fail to fulfill the specific terms of any of our licenses, frequency permissions or other governmental permissions or if we provide services in a manner that violates applicable legislation, government regulators may levy fines, suspend or terminate our licenses, frequency permissions, or other governmental permissions or refuse to renew licenses that are up for renewal. A suspension and the subsequent termination of GSM licenses, 3G license, Long distance and international services license or refusal to renew our licenses could materially adversely affect our business, financial condition and results of operations.

If the licenses, frequencies and permissions previously held by companies merged into VimpelCom are not re-issued to VimpelCom, or are not re-issued to VimpelCom in a timely and complete manner, our business may be materially adversely affected.

On November 24, 2010, we completed the mergers of eleven of our subsidiaries, including EDN Sovintel, or Sovintel, and Closed Joint Stock Company Cortec, or Corbina Telecom, into VimpelCom. Following the completion of the mergers of these companies, or Merged Companies, on December 21, 2010, we filed applications with the relevant authorities within the time period established by the relevant authorities to re-issue to us the licenses, frequencies, numbering resources and permissions that were previously held by the Merged Companies. We expect to receive decisions on our applications in the first quarter of 2011. There can be no assurance that the licenses previously held by the Merged Companies will be re-issued to us in a timely manner or on the same terms and conditions as the existing licenses or at all, or that our right to continue to provide service to subscribers in the Merged Companies' licensed areas prior to the re-issuance of the licenses will not be challenged or revoked or that others will not assert that the Merged Companies' licenses have ceased to be effective. There is also a risk that the frequencies, numbering resources and permissions previously held by the Merged Companies will not be re-issued to us on the same terms as the existing frequencies, numbering resources and permissions or at all. If any of these situations occur, they could have a material adverse effect on our business and results of operations, including causing us to cease providing the services covered by the licenses previously held by the Merged Companies or causing us not to be able to provide all of the same services currently provided under these licenses or on the same terms and conditions and/or resulting in an event of default under the majority of our

outstanding indebtedness since a number of our loan agreements require us to maintain material mobile licenses necessary to carry on our business.

Our licenses are granted for specified periods and they may not be extended or replaced upon expiration.

Most of our licenses are granted for specified terms, and we can give you no assurance that any license will be renewed upon expiration. Our super-regional GSM licenses in Russia will expire in 2012 and 2013, our territorial GSM licenses in Russia will expire in various years from 2011 to 2015 and our mobile licenses in the CIS will expire in various years from 2013 to 2021. Our 3G license in Russia will expire in 2017. Most of our fixed telecommunications licenses expire in various years from 2011 to 2015. If renewed, our licenses may contain additional obligations, including payment obligations, or may cover reduced service areas or scope of service.

As a rule, the expiration date of frequency permissions for most of our mobile communications and radio-relay line base stations exceeds the validity period of communications service licenses. We cannot predict whether we will be able to obtain extensions of our frequency permissions and whether these extensions will be formalized and granted by the regulatory agency in a timely manner and without any significant additional costs. It is possible that upon expiration of frequency permissions the frequency bands currently in use by us will be wholly or partly re-allocated in favor of other communications technologies and/or other communications operators, requiring that we coordinate the use of our frequencies with the other license holders and/or experience a loss of quality in our network.

If our licenses for provision of telecommunications services or frequency allocations are not renewed, our business could be materially adversely affected. For more information, please see the section of this prospectus entitled "Our Company—Licenses—Mobile Telecommunications Licenses."

We face uncertainty regarding payments for frequency allocations under the terms of some of our licenses.

At present we make payments for radio-frequency spectrum use under decrees of the Russian federal government. As a whole, the fees for all available frequency assignments have been significant. At the same time, today's system of payment for radio-frequency spectrum use is not in line with the Russian federal telecommunications law and we expect that this payment system will be changed eventually. As a result, we cannot assure you that the fees we pay for radio-frequency spectrum use will not increase, and such an increase could negatively affect our financial results. For more information, please see the section of this prospectus entitled "Regulation of Telecommunications."

Our ability to provide telecommunications services would be severely hampered if our access to local and long distance line capacity was limited or if the commercial terms of our interconnect agreements were significantly altered.

Our ability to secure and maintain interconnect agreements with other wireless and local, domestic and international fixed-line operators on cost-effective terms is critical to the economic viability of our operations. Interconnection is required to complete calls that originate on our respective networks but terminate outside of our respective networks, or that originate from outside our networks and terminate on our respective networks. A significant increase in our interconnect costs as a result of new regulations or commercial decisions by other fixed-line operators or a lack of available line capacity for interconnection could have a material adverse effect on our ability to provide services. We also cannot exclude the possibility of further increase of interconnect costs in case of increase of the Ruble inflation rate.

We face uncertainty regarding our frequency allocations, equipment permits and network registration, and we may experience limited spectrum capacity for providing wireless services.

We have in the past been unable to obtain frequency allocations necessary to test or expand our networks. For example, our applications for GSM-900 frequencies in five regions within the Urals super-region and eight regions in the Northwest super-region were denied. Further, we were denied a grant of GSM-900, GSM-1800 frequencies in the Far East super-region and E-GSM frequencies throughout all of Russia by Russia's State Radio Frequency Commission, or the SRFC. Although our company received frequencies in three regions within the Far East super-region through tenders conducted in 2007, our company was denied frequencies for eight other regions within the Far East super-region. The Federal Antimonopoly Service, or FAS, has declared that the terms of these tenders violated Russian antimonopoly law and, together with our company, filed a lawsuit challenging the results

of the tenders. In the fall of 2009, the Russian courts decided to cancel certain licenses granted in the Far East super-region which had been obtained through the tenders conducted in 2007, including the licenses granted to us in three regions. For more information about this litigation, please see the section of this prospectus entitled "Our Company—Legal Proceedings." Although we intend to participate in tenders for licenses in the Far East super-region in the future, there can be no assurance that we will win such tenders.

In addition, we may encounter difficulties in building our networks or we may face other factors beyond our control that could affect our ability to begin operating our networks, decrease the quality of our services, increase the cost of construction or operation of our networks or delay the introduction of services. As a result, we could experience difficulty in increasing our subscriber base or could fail to meet license requirements, either of which may have a material adverse effect on our business.

The laws of Russia and the CIS prohibit the operation of telecommunications equipment without a relevant permit from the appropriate regulatory body. It is frequently not possible for us to procure all of the permissions and registrations for each of our base stations, including registration of our title to land plots underlying our base stations and constructions permits, or other aspects of our network before we put the base stations into operation or to amend or maintain all of the permissions when it is necessary to change the location or technical specifications of our base stations. At times, there can be a number of base stations or other communications facilities and other aspects of our networks for which we do not have final permission to operate. This problem may be exacerbated if there are delays in issuing necessary permits.

We also regularly receive notices from Russian and CIS regulatory authorities warning us that we are not in compliance with aspects of our licenses and permits and requiring us to cure the violations within a certain time period. We have closed base stations on several occasions in order to comply with regulations and notices from regulatory authorities. Any failure by our company to cure such violations could result in the applicable license being suspended and subsequently revoked through the court action. Although we generally take all necessary steps to comply with any license violations within the stated time periods by switching off base stations that do not have all necessary permits until such permits are obtained, we cannot assure you that our licenses will not be suspended and subsequently revoked in the future. If we are found to operate telecommunications equipment without an applicable permit, we could experience a significant disruption in our service or network operation and this would have a material adverse effect on our business, financial condition and results of operations.

It may be more difficult for us to attract new mobile subscribers than it is for our competitors that established a local presence prior to the time that our company did.

We do not possess a "first mover advantage" in most of the geographic areas where we operate. In many cases, we have been the second, third, or fourth mobile operator to enter a particular market. As a result, it may be more difficult for our company to attract new subscribers than it is for our competitors (including MTS and MegaFon and their respective affiliates in Russia and the CIS) that entered markets and established a local presence in some cases years before we did. The mobile markets outside Russia are significant to our company, as the rate of subscriber growth in Russia has significantly slowed as a result of oversaturation. In many of these markets outside of Russia we entered the market when other mobile operators were already well established. If we are not successful in penetrating markets where we operate, our business may be materially adversely affected.

We are in competitive industries and we may face greater competition as a result of market and regulatory developments.

The issuance of additional telecommunications licenses or the implementation of new technology in any of the license areas in which we operate could greatly increase competition and threaten our business. For example, in 2006, 2007 and 2008, our competitors, Tele2 and Sky Link, were awarded GSM licenses in parts of Russia and the CIS. In addition, in 2008 a third GSM license was issued in Kazakhstan, and it was reported that Tele2 purchased an interest in the company holding this license. This acquisition will result in increased competition in the Kazakh market. An additional GSM license has been issued in Armenia and France Telecom has reportedly purchased an interest in the company holding this license. Furthermore, the government of Armenia has recently liberalized the fixed line market in Armenia, which will result in increased competition. If competitors are able to operate telecommunications networks that are more cost effective than ours, then they may have competitive advantages over us, which could harm our business.

Providers of traditional fixed-line telephone services and mobile operators that have obtained fixed-line licenses may compete more effectively with us. The fixed-line market has historically been dominated by Svyazinvest in Russia, Kazakhtelecom in Kazakhstan, Ukrtelecom in Ukraine, Uzbektelecom in Uzbekistan and Tajiktelecom in Tajikistan, all former state monopoly telecommunications services providers. These companies and other established competitors, such as Rostelecom, have some competitive advantages over our fixed-line operations, including:

- significant resources and greater market presence and network coverage;
- brand name recognition, customer loyalty and goodwill;
- control over domestic transmission lines and over access to these lines by other participants; and
- close ties to national and local regulatory authorities who may be reluctant to adopt policies that would result in increased competition for Svyazinvest, Uzbektelecom, Kazakhtelecom or Ukrtelecom and other historically state-owned companies.

On December 29, 2008, the Ministry of Communications and Mass Media adopted an order establishing the requirements for Mobile Virtual Network Operators, or MVNOs. MVNOs are companies that provide mobile communications services but do not own the radio frequencies and, often, network infrastructure required to do so. According to the order, MVNOs in Russia must be licensed, and their use of frequencies and infrastructure and rendering of services will be done pursuant to agreements entered into between MVNOs and existing frequency holders. Competition from MVNOs may reduce our subscriber market share and revenues and could have a material adverse effect on our business, financial condition and results of operations.

Our failure to keep pace with technological changes and evolving industry standards could harm our competitive position and, in turn, materially adversely affect our business.

The telecommunications industry is characterized by rapidly changing technology and evolving industry standards. We experience new customer demand for more sophisticated telecommunications and Internet services in Russia, Ukraine and the CIS as well as for other new technologies such as Internet Protocol, or IP, telephony and Worldwide Interoperability for Microwave Access, or WiMax. Accordingly, our future success will depend, in part, on the adoption of a favorable policy and regulation of standards utilizing these technologies. Our success will also depend on our ability to adapt to the changing technological landscape. However, the rapid technological advances in the telecommunications industry make it difficult to predict the extent of future competition. It is possible that the technologies we utilize today will become obsolete or subject to competition from new technologies in the future for which we may be unable to obtain the appropriate license.

We may not be able to meet all of these challenges in a timely and cost-effective manner. In addition, we may not be able to acquire licenses, which we may deem necessary to compete or we may not be able to acquire such licenses on reasonable terms and we may not be able to develop a strategy compatible with this or any other new technology.

On April 20, 2007, the Federal Communications Agency announced the results of three tenders for awarding 3G licenses and our company was awarded a license for the provision of IMT-2000/UMTS 3G mobile radiotelephony communications services for the entire territory of the Russian Federation. The 3G license was granted subject to certain capital commitments. The major conditions are that VimpelCom will have to build a certain number of base stations that support 3G standards and will have to start services provision by certain dates in each subject of the Russian Federation, and also will have to build a certain number of base stations by the end of the third, fourth and fifth years from the date of granting the license. Part of the frequency spectra related to the 3G license are currently used by other commercial and governmental entities and our 3G network development will require those entities to vacate those frequency spectra. Additionally, 3G network development requires significant financial investments and there can be no assurance that our company will be able to develop a 3G network on commercially reasonable terms; that we will not experience delays in developing our 3G network or that we will be able to meet all of the license terms and conditions. If we experience substantial problems with our 3G services, or if we fail to introduce new services on a timely basis relative to our competitors, it may impair the success of our 3G services, delay or decrease revenues and profits and therefore may hinder recovery of our significant capital investments in 3G services as well as our growth.

We also expect to face future competition from networks that provide faster, higher quality data transfer and streaming capability than 2G and 3G networks. The Russian government recently issued licenses for broadband wireless mobile access services for 40 regions throughout Russia. Svyazinvest won the tender for 38 out of the 40 licenses. Increased competition from the new networks could have a material adverse effect on our business, financial condition and results of operations.

Our strategic partnerships and relationships to develop our business are accompanied by inherent business risks.

We may enter into strategic partnerships and joint ventures with other companies to develop our business and expand our operations. For example, in July 2008, we entered into a joint venture to provide mobile services in Vietnam. In October 2008, we acquired a minority stake in Euroset, a mobile handset retailer and dealer for major mobile network operators in Russia. Euroset is an important sales partner and a deterioration of our relationship with Euroset or its majority shareholder or our inability to leverage our investment in Euroset could have an adverse effect on our sales. For more information about the joint venture in Vietnam and our acquisition of a minority stake in Euroset, please see the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Investing Activities."

Emerging market strategic partnerships and joint ventures are often accompanied by risks, including in relation to:

- the possibility that a strategic or joint venture partner or partners will default in connection with their obligations;
- the possibility that a strategic or joint venture partner will hinder development by blocking capital increases and other decisions if that partner runs out of money, disagrees with our views on developing the business, or loses interest in pursuing the partnership or joint projects;
- risk inherent in the business of the partnership or joint venture itself, such as funding and liquidity;
- diversion of resources and management time;
- potential joint and several or secondary liability for transactions and liabilities of the partnership or joint venture entity;
- the difficulty of maintaining uniform standards, controls, procedures and policies; and
- the loss of a strategic or joint venture partner and the associated benefits, such as insight into operating a business in an economic, social and political environment that is unfamiliar to us.

We cannot assure you that a market for our future services will develop or that we can satisfy subscriber expectations, which could result in a significant loss of our subscriber base.

We currently offer our subscribers a number of value added services, including voice mail, SMS, call forwarding, wireless Internet access, IP telephony, known as VoIP, entertainment and information services, music and data transmission services. Despite investing significant resources in marketing, we may not be successful in creating or competing in a market for these value added services. We cannot assure you that subscribers will continue to utilize the services we offer. If we fail to obtain widespread commercial and public acceptance of our new services, our visibility in the telecommunications markets in Russia and the CIS could be jeopardized, which could result in a significant loss of our subscriber base and have a material adverse affect on our business, financial condition, results of operations and business prospects.

Sustained periods of high inflation may materially adversely affect our business.

Russia has experienced periods of high levels of inflation since the early 1990s. Inflation increased dramatically following the August 1998 financial crisis, reaching a rate of 84.4% in 1998. Inflationary volatility and pressure on the Russian ruble remains significant, as evidenced by the increase in the inflation rate in 2007 to 11.9% and in 2008 to 13.3%. Although the inflation rate decreased to 8.8% in 2009 and 6.2% in the first nine months of 2010, it may increase again in the near future as a result of challenging worldwide economic conditions. Our profit margins could be adversely affected if we are unable to sufficiently increase our prices to offset any significant future increase in the inflation rate, which may become more difficult as we attract more mass market subscribers

and our subscriber base becomes more price sensitive. Inflationary pressure in Russia and the other CIS countries where we have operations could materially adversely affect our business, financial condition and results of operations.

We could experience subscriber database piracy, which may materially adversely affect our reputation, lead to subscriber lawsuits, loss of subscribers or hinder our ability to gain new subscribers and thereby materially adversely affect our business.

We may be exposed to database piracy which could result in the unauthorized dissemination of information about our subscribers, including their names, addresses, home phone numbers, passport details and individual tax numbers. The breach of security of our database and illegal sale of our subscribers' personal information could materially adversely impact our reputation, prompt lawsuits against us by individual and corporate subscribers, lead to a loss in subscribers and hinder our ability to attract new subscribers. In case of detection of severe customer data security breaches, the regulatory authority can sanction our company, and such sanction can include suspension of operations for some time period. These factors, individually or in the aggregate, could have a material adverse affect on our business, financial condition, results of operations and business prospects.

We are subject to anti-monopoly and consumer protection regulation in Russia and the CIS, which could restrict our business.

Anti-monopoly and consumer protection regulators in Russia and the CIS have oversight over consumer affairs and advertising. Some of our subsidiaries in the CIS have been recognized as dominant entities on their respective national markets. Regulatory measures taken in response to competition violations may include inter alia the requirement to discontinue certain activities, the imposition of fines, confiscation of revenue derived from monopolistic activities, restrictions on increase of tariffs, on acquisitions or on other activities, such as contractual obligations.

We have been receiving notices from the Russian and other CIS anti-monopoly regulators and the consumer protection regulators alleging violations of competition, dominant position, consumer rights and advertising regulations. In December 2009 and March 2010, the FAS commenced proceedings against us, MTS and MegaFon alleging violations of the Russian Federal Law "On Protection of Competition" relating to our pricing for interconnection and roaming services. On November 23, 2010, the FAS issued its decision that we, MTS and MegaFon violated the Russian Federal Law "On Protection of Competition" with respect to our pricing of roaming services and ordered that we stop such violations. In addition, we may face fines of up to 15.0% of our roaming revenues in 2009 and half of 2010. As a result, we have accrued a loss contingency in the Russian ruble equivalent of approximately US$2.3 million (at the September 30, 2010 exchange rate). In May 2010, the FAS concluded that our traffic agreements in Moscow violated anti-monopoly legislation. A hearing in the case was set for January 19, 2011, but was postponed and as of the date of this prospectus no date has been set. Although we believe that we have not violated Russian law and have appealed the FAS decision, if we are ultimately found to be in violation of law, we could face fines of up to 15.0% of our revenues from the related services. If the fines do not exceed 1.0% of our revenues from the related services, we will lose the right to appeal.

The Kazakhstan Antimonopoly Agency, or KAA, has recently initiated a number of proceedings against KaR-Tel, our subsidiary in Kazakhstan, and its competitors in relation to pricing and roaming policies. In connection with one such proceeding, in November 2010 the KAA concluded that KaR-Tel and the other two Kazakhstan GSM operators are liable for abuse of their dominant position on the market by way of establishing monopolistically high roaming tariffs. As required under Kazakh law, the KAA has submitted its finding to a Kazakh administrative court and the court will issue a decision on the merits and on applicable fines. KaR-Tel does not agree with the KAA's conclusion and has challenged it, however there can be no assurance that KaR-Tel will prevail. For more information about the competition proceedings in Russia and Kazakhstan, please see the section of this prospectus entitled "Our Company—Legal Proceedings—FAS Litigation" and notes 9 and 10 to the unaudited interim consolidated financial statements included elsewhere in this prospectus.

Anti-monopoly regulators in Russia and the CIS are also authorized to regulate companies deemed to be a dominant force in, or a monopolist of, a market. Because the law does not always clearly define "market" in terms of either services provided or geographic area of activity, it is difficult to determine under what circumstances we could be subject to these or similar measures. However, in 2002, we were entered into the register of business entities for having a market share in the telecommunications market in the Moscow license area of over 35.0%. On

April 8, 2009, the antimonopoly body by its order had excluded us from the regional section of the Register for Moscow region in connection with entering VimpelCom into the Federal register in accordance with the antimonopoly body order of the same date as set out below in more detail. In October 2006, a new law "On Protection of Competition" became effective, which introduced new criteria pursuant to which the Russian anti-monopoly regulators may determine that a company has a dominant position in a particular market of goods or services if such company has a market share between 35.0-50.0% or over 50.0%. However, in accordance with certain provisions of the Communications Law and for purposes of application of the Law on Foreign Investment in Strategic Enterprises, which came into force on May 7, 2008, which we refer to as the Foreign Investment Law, a mobile telecommunications operator is deemed to have a dominant position if its share of the Russian mobile telecommunications market exceeds 25.0%. Our company received an order dated April 8, 2009 from the FAS which we refer to as the FAS Order, stating that a group of persons consisting of our company and two of our Russian subsidiaries, one of which has been merged with and into our company, has a dominant position in the Russian mobile telecommunications market as our share in this market exceeds 25.0%. Because of the inconsistencies in the laws referenced above and ambiguity in the text of the FAS Order, it is not clear whether our company may now be deemed to have a dominant position for purposes of the law "On Protection of Competition." If our company is deemed to have a dominant position in the telecommunications market, our company could be prohibited from taking certain actions that could be viewed by the anti-monopoly regulators as abusive of our dominant position. As a result, our ability to set tariff prices may be restricted or we may be required to include provisions into our subscriber agreements that would be detrimental to our company, which could adversely affect our business and our growth strategy.

KaR-Tel is subject to governmental control over tariffs because it is recognized as an entity having a dominant position on the Kazakhstan mobile market. KaR-Tel is required by law to notify the Kazakh state antimonopoly body of any increase of its tariffs and to justify such increase. The antimonopoly body is required to carry out an examination of proposed tariff increase and has the right to prohibit it.

ArmenTel has also been recognized as an entity having a dominant position on the fixed-line telecommunication services market in Armenia. It generally requires regulatory approval to increase tariffs at the retail and wholesale level.

In connection with the FAS approval of our acquisition of a 49.9% stake in Euroset, the FAS issued an order that prohibits Euroset from setting discriminatory terms in its sale of services of mobile telecommunications operators for a period of three years. Our company does not control Euroset, and we cannot assure you that Euroset will comply with the FAS order. If Euroset fails to comply with the FAS order, the FAS may fine us and Euroset and it may apply to a court to invalidate the acquisition of our 49.9% stake in Euroset.

The concepts of "affiliated persons" and "group of persons" that are fundamental to the anti-monopoly laws and to the laws on joint stock companies in Russia and the CIS are not clearly defined and are subject to different interpretations. Consequently, anti-monopoly regulators or other competent authorities may challenge the positions we or certain of our officers, directors, or shareholders have taken in this respect despite our best efforts at compliance. Any successful challenge by an anti-monopoly regulator or other competent authority may expose us or certain of our officers, directors, or shareholders to fines or penalties and may result in the invalidation of certain agreements or arrangements. This may adversely affect the manner in which we manage and operate certain aspects of our business.

Anti-monopoly regulations in Russia and in countries in which we are interested in expanding our business may require us to obtain anti-monopoly approvals for certain acquisitions, reorganization or some other transactions as may be provided for in applicable law. The applicable rules are subject to different interpretations and the competent authorities may challenge the positions that we take. We may also be unable to comply with antimonopoly approvals due to administrative delays in the review process or for other reasons. Failure to obtain such approval or the activity of the relevant anti-monopoly bodies may impede or adversely affect our business and ability to expand our operations.

Our equipment supply arrangements may be terminated or interrupted and our existing equipment and systems may be subject to disruption and failure, which could cause us to lose customers, limit our growth and violate our licenses.

The successful build-out and operation of our networks depends heavily on obtaining adequate supplies of switching equipment, base stations and other equipment on a timely basis. We currently purchase our equipment

from a small number of suppliers, principally Alcatel-Lucent, Cisco Systems, Comverse, Ericsson, Huawei and Siemens Networks, although some of the equipment that we use is available from other suppliers. From time to time, we have experienced delays receiving equipment. Our business could be materially adversely affected if we are unable to obtain adequate supplies or equipment from our suppliers in a timely manner and on reasonable terms.

Our business depends on providing customers with reliability, capacity and security. As telecommunications increases in technological capacity, it may become increasingly subject to computer viruses and other disruptions. We cannot be sure that our network system will not be the target of a virus or, if it is, that we will be able to maintain the integrity of the data of our corporate customers or of that in individual handsets of our mobile subscribers or that a virus will not overload our network, causing significant harm to our operations. In addition to computer viruses, the services we provide may be subject to disruptions resulting from numerous other factors, including human error, security breaches, equipment defects, and natural disasters, which could have a material adverse effect on our business.

Problems with our backbone, switches, controllers, fiber optic network or network nodes at one or more of our base stations, whether or not within our control, could result in service interruptions or significant damage to our networks. All of our equipment for provision of mobile services in Moscow is located primarily in two buildings in Moscow. Disruption to the operation of these buildings such as from electricity outages or damage to these buildings could result in disruption of our mobile services in Moscow.

We store our data center and fixed-line network equipment at state-owned premises in Moscow pursuant to an agreement with the Russian authorities. The State Property Committee has filed two lawsuits seeking to evict us from the premises, alleging that the lease agreement was entered into without the consent of the State Property Committee. One of these lawsuits has been dismissed, but may be appealed. Management believes that the risk of an adverse outcome of these lawsuits is probable. As a result of these lawsuits, we may lose our right to continue occupying the premises, and this could result in network disruption which could have a materially adverse affect on our business, financial condition and results of operations. For more information on these lawsuits, see "Our Company—Legal Proceedings—Other Proceedings."

Although we have back-up capacity for our network management operations and maintenance systems, automatic transfer to our back-up capacity is not seamless, and may cause network service interruptions. In recent years, we have experienced network service interruptions, which occur from time to time during installations of new software. Interruptions of services could harm our business reputation and reduce the confidence of our subscribers and consequently impair our ability to obtain and retain subscribers and could lead to a violation of the terms of our licenses, each of which could materially adversely affect our business. We do not carry business interruption insurance to prevent against network disruptions.

Our ability to manage our business successfully is contingent upon our ability to implement sufficient operational resources systems and processes to support our rapid growth. We may face risks in connection with the correct use of the newly introduced systems and processes in the regions of Russia and the CIS or integrating new technologies into existing systems. For example, if our billing system develops unexpected limitations or problems, subscriber bills may not be generated promptly and/or correctly. This could materially adversely impact our business since we would not be able to collect promptly on subscriber balances.

Our operations in the CIS and the operations of Golden Telecom employ billing and management information systems which may not provide our management with information that is sufficient in amount or accuracy. Golden Telecom is in the process of integrating its billing and management information systems, which will allow it to bill its customers and to manage other administrative tasks through a unified system. If Golden Telecom is unable to integrate and upgrade its billing and management information systems to support its integrated operations, its billing may be insufficient, which could have a material adverse effect on our revenues. Furthermore, Golden Telecom relies on agent billing and information systems to provide information necessary to generate invoices in certain areas of its operations. Golden Telecom may encounter risks associated with verification and calculation of volumes of long-distance services provided to end users, invoicing and revenue recognition.

Sale of handsets and other devices and our inability to maintain relationships with handset providers could have a negative impact on our Company.

Historically the vast majority of our revenue has come from providing telecommunications services, with relatively little of our revenue coming from sales of handsets and other devices. In 2008 we significantly increased

our sale of devices by beginning to sell broadband internet modems and entering into an agreement with Apple Sales International to sell iPhones. Sales of devices tend to yield lower profit margins than sale of services and the need to maintain devices in inventory can have a negative impact on our working capital. In addition, sales of handsets are sensitive to changes in economic conditions and there can be no assurance that we will be able to make the purchase installments contemplated by the agreement with Apple Sales International. At the same time, we expect that the sales of handsets, including iPhones, will attribute to our subscriber growth, and such sales are therefore critical for our overall growth strategy. In the event we are unable to extend our existing agreements with, or fail to agree on acceptable terms or lose exclusivity in our agreements with handset providers, we could experience a negative impact on our ARPU and our churn rate, which could have a material adverse effect on our business, financial condition and results of operation. For more information, please see the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Contractual Obligations."

Allegations of health risks related to the use of mobile telephones could have a material adverse effect on us.

There have been allegations that the use of certain portable mobile devices may cause serious health risks. The actual or perceived health risks of mobile devices could diminish subscriber growth, reduce network usage per subscriber, spark product liability lawsuits or limit available financing. Each of these possibilities has the potential to cause material adverse consequences for us and for the entire mobile industry.

Our intellectual property rights are costly and difficult to protect, and we cannot guarantee that the steps we have taken to protect our property rights will be adequate.

We regard our copyrights, trademarks, trade dress, trade secrets and similar intellectual property, including our rights to certain domain names, as important to our continued success. We rely upon trademark and copyright law, trade secret protection and confidentiality or license agreements with our employees, customers, partners and others to protect our proprietary rights. However, intellectual property rights are especially difficult to protect in the markets where we operate. In these markets, the regulatory agencies charged to protect intellectual property rights are inadequately funded, legislation is underdeveloped, piracy is commonplace and enforcement of court decisions is difficult.

In addition, litigation may be necessary to enforce our intellectual property rights, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement. Any such litigation may result in substantial costs and diversion of resources, and, if decided unfavorably to us, could have a material adverse effect on our business, financial condition or results of operations. We also may incur substantial acquisition or settlement costs where doing so would strengthen or expand our intellectual property rights or limit our exposure to intellectual property claims of third parties. While we have successfully enforced our intellectual property rights in courts in the past, we cannot assure you that we will be able to successfully protect our property rights in the future.

Russian companies may be required to adopt a decision on liquidation when their net assets are negative.

Under Russian law, if a company's net asset value at the end of its second or any subsequent financial year, as determined under Russian accounting standards, is less than the minimum charter capital required by law, such company must adopt a decision to liquidate (if the company is registered as a limited liability company) or perform a number of actions provided by the law (if the company is registered as a joint-stock company). If it fails to do so within a "reasonable period," the company's creditors are entitled to request early termination and acceleration of the company's obligations to them and to demand compensation of damages, and governmental agencies may seek involuntary liquidation of such company. Limited Liability Company Kolangon-Optim, or Kolangon-Optim, and certain of our other subsidiaries had negative net assets as of December 31, 2009. We believe that these subsidiaries are solvent and continue to meet all of their obligations to creditors, however, if an involuntary liquidation of our subsidiaries were to occur, our business, financial condition and results of operations could be materially adversely affected.

Risks Related to Our Operations in Russia and the CIS

Investors in emerging markets, such as Russia and the CIS, are subject to greater risks than investors in more developed markets, including significant political, legal and economic risks and risks related to fluctuations in the global economy.

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including in some cases significant political, legal and economic risks. Emerging market governments and judiciaries often exercise broad, unchecked discretion and are susceptible to abuse and corruption. Emerging economies are subject to rapid change and the information set out herein may become outdated relatively quickly. The economies of Russia and the CIS, like other emerging economies, are vulnerable to market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in these markets and materially adversely affect their economies. These developments could severely limit our access to capital and could materially adversely affect the purchasing power of our subscribers and, consequently, our business. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult with their own legal, financial and tax advisors.

We face a number of economic, political, social and regulatory risks relating to conducting business outside of Russia.

Although a significant number of our risk factors relate to the risks associated with conducting business in Russia, where a majority of our assets and operations are located, similar risks in each instance also apply to the conduct of our business and operations in Kazakhstan, Ukraine, Uzbekistan, Tajikistan, Georgia, Armenia, Cambodia and Vietnam. In some instances, the risks inherent in transacting business in these countries may be more acute than those in Russia. Prior to our acquisitions in Kazakhstan, Ukraine, Uzbekistan, Tajikistan, Georgia, Armenia, Cambodia and Vietnam, our company did not have any experience operating in these countries. Regulatory risks present in these countries and in any other countries where we may acquire additional operations may not be similar to those we face in Russia and may increase our vulnerability to such risks. If any of these risks materialize, our business could be materially adversely affected.

The limited history of mobile telecommunications services in the CIS and our limited operating history in the CIS create additional business risks.

Mobile telecommunications services are relatively new in the CIS, which have generally experienced slower economic growth over the past decade than Russia. As the mobile telecommunications services industry develops in these areas, changes in market conditions could make our development of services less attractive or no longer commercially feasible. A reduction in our viable development opportunities could have a material adverse effect on our business. In addition, we have a limited operating history providing mobile telecommunications services in the CIS. Consequently, we are subject to the risks associated with entering into any new product line. Our failure to properly manage those risks could have a material adverse effect on our business.

Risks Related to the Political Environment in Russia and the CIS

If political and economic relations between Russia and the other countries of the CIS deteriorate, our operations in the CIS could be materially adversely affected.

Political and economic relations between Russia and the other countries of the CIS are complex and recent conflicts have arisen between the government of Russia and the governments of some of the countries of the CIS. For example, the relationship between Russia and Ukraine has been historically strained due to, among other things, Ukraine's failure to pay arrears relating to the supply of energy resources, Russia's introduction of an 18.0% value added tax on Ukrainian imports and provocative statements by some politicians. The relationship between Russia and Georgia has also been strained due to several ongoing disputes which resulted in military conflict in August 2008 and may lead to military and/or economic conflict in the future. Although our company operates in the CIS through local subsidiaries, governmental officials and consumers may associate our group and our brand with

Russia. Any deterioration in political and economic relations between Russia and the other countries of the CIS could have a material adverse effect on our business, financial condition and results of operations.

If reform policies in Russia and the CIS are reversed, our business could be harmed and it could restrict our ability to obtain financing.

Our business, in part, depends on the political and economic policies set by the governments of the countries where we operate. For example, in recent years, the political and economic situation in Russia has been stable, which has allowed for continued economic growth. However, there is a persistent sentiment in Russia against certain private enterprises that is being encouraged by a number of prominent Duma deputies, political analysts and members of the media. In addition, reforms may be hindered if conflicts of interest are permitted to exist when officials are also engaged in private business, particularly when the business interests are in the industry which the officials regulate. Notwithstanding initiatives to combat corruption, Russia and the CIS, like many other markets, continue to experience corruption and conflicts of interests of officials, which add to the uncertainties we face, and may increase our costs. Any deterioration of the investment climate could restrict our ability to obtain financing in international capital markets in the future and our business could be harmed if governmental instability recurs or if reform policies are reversed.

Risks Related to the Economic Situation in Russia and the CIS

The physical infrastructure in Russia and the CIS is in poor condition and further deterioration in the physical infrastructure could have a material adverse effect on our business.

The physical infrastructure in Russia and the CIS largely dates back to Soviet times and has not been adequately funded and maintained in recent years. Particularly affected are the rail and road networks, power generation and transmission, communications systems and building stock. The public switched telephone networks have reached capacity limits and need modernization, which may inconvenience our subscribers and will require us to make additional capital expenditures. Additional investment is required to increase line capacity. In addition, continued growth in local, long-distance and international traffic, including that generated by our subscribers, and development in the types of services provided may require substantial investment in public switched telephone networks. Any efforts to modernize infrastructure may result in increased charges and tariffs, potentially adding costs to our business. The deterioration of the physical infrastructure harms the economies of these countries, disrupts the transportation of goods and supplies, adds costs to doing business and can interrupt business operations. These difficulties can impact us directly; for example, we have needed to keep portable electrical generators available to help us maintain base station operations in the event of power failures. Further deterioration in the physical infrastructure could have a material adverse effect on our business.

The banking systems in Russia and the CIS remain underdeveloped and there are a limited number of creditworthy banks in these countries with which our company can conduct business.

The banking and other financial systems in Russia and the CIS are not well developed or regulated, and laws relating to banks and bank accounts are subject to varying interpretations and inconsistent applications. For example, in Russia, there are a limited number of banks that meet international banking standards and the transparency of the Russian banking sector in some respects lags behind internationally accepted norms. Most creditworthy Russian banks are located in Moscow and there are fewer creditworthy Russian banks in the regions outside of Moscow. Recently, there has been an increase in lending by Russian banks, which many believe has been accompanied by a deterioration in the credit quality of the borrowers. The deficiencies in the Russian banking system, coupled with a decline in the quality of the credit portfolios of Russian banks, may result in the banking sector being more susceptible to the current worldwide credit market downturn and economic slowdown. The credit crisis that began in the United States in the autumn of 2008 has resulted in decreased liquidity in the Russian credit market and weakened the Russian financial system. Efforts by the Russian government to increase liquidity have been stymied by an unwillingness in the banking sector to lend to other banks and to the real economy. The lack of liquidity and economic slowdown have raised the possibility of Russian corporate defaults and led to bank failures and downgrades of Russian banks by credit rating agencies. More bank failures and credit downgrades may result in a crisis throughout the Russian banking sector. Starting from the fourth quarter of 2008, a majority of the Russian banks experienced difficulties with funding on domestic and international markets and interest rates increased significantly. Some of the banks were unable to service their obligations and were sold to larger banks. Credit ratings of several banks have been lowered and some banks have

lost their CBR licenses. The Russian Government has provided liquidity to the banking system and interest rates have been decreasing since the second half of 2009, but major banks are still unwilling or unable to transfer money to the economy in the form of long-term loans. A prolonged or serious banking crisis or the bankruptcy of a number of banks, including banks in which we receive or hold our funds, could materially adversely affect our business and our ability to complete banking transactions in Russia.

The banking and financial systems in the CIS are even less developed than in Russia and may be more susceptible to the current economic downturn. Few international banks have subsidiaries in Kazakhstan, Uzbekistan, Ukraine and Armenia, and no international banks operate subsidiaries in Tajikistan and Georgia. We have attempted to mitigate our banking risk by receiving and holding funds with the most creditworthy banks available in each country. However, in the event of a banking crisis in any of these countries or the bankruptcy or insolvency of the banks from which we receive, or with which we hold, our funds could result in the loss of our deposits or negatively affect our ability to complete banking transactions in these countries, which could have a material adverse effect on our business, financial conditions and results of operations.

Information that we have obtained from third party sources may be unreliable.

We have sourced certain information contained in this prospectus from third parties, including private companies and governmental agencies, and we have relied on the accuracy of this information without independent verification. The official data published by governmental agencies in Russia and the CIS is substantially less complete and less reliable than similar data in the United States and Western Europe. We cannot be certain that the information that we obtained from government and other sources and included in this document is reliable. When reading this prospectus, you should keep in mind that the data and statistics that we have included relating to Russia and the CIS could be incomplete or erroneous. In addition, because there is limited reliable data and no current official data regarding the relevant telecommunications markets, including our competitors, we have relied, without independent verification, on certain publicly available information. This includes press releases and filings under the U.S. securities laws, as well as information from various private publications, some or all of which could be based on estimates or unreliable sources.

Risks Related to the Social Environment in Russia and the CIS

Social instability in Russia and the CIS could lead to increased support for centralized authority and a rise in nationalism, which could harm our business.

Social instability in Russia and the CIS, coupled with difficult economic conditions, could lead to increased support for centralized authority and a rise in nationalism. These sentiments could lead to restrictions on foreign ownership of companies in the telecommunications industry or large-scale nationalization or expropriation of foreign-owned assets or businesses. There is relatively little experience in enforcing legislation enacted to protect private property against nationalization or expropriation. As a result, we may not be able to obtain proper redress in the courts, and we may not receive adequate compensation if in the future the Russian, Ukrainian, Kazakh, Tajik, Uzbek, Georgian or Armenian governments decide to nationalize or expropriate some or all of our assets. If this occurs, our business could be harmed.

In addition, ethnic, religious, historical and other divisions have, on occasion, given rise to tensions and, in certain cases, military conflict. The spread of violence, or its intensification, could have significant political consequences, including the imposition of a state of emergency in some parts or throughout Russia and the CIS. These events could materially adversely affect the investment environment in Russia and the CIS.

Risks Related to the Legal and Regulatory Environment in Russia and the CIS

We operate in an uncertain regulatory environment, which could cause compliance to become more complicated, burdensome and expensive and could result in our operating without all of the required permissions.

Although the Communications Law regarding license renewals in Russia has been clarified, the licensing procedures, including obtaining new frequencies and numbering capacity and the consequences of non-compliance remains unclear.

As a result of the uncertainty in the regulatory environment in Russia and the CIS we have experienced and could experience in the future:

- restrictions or delays in obtaining additional numbering capacity, receiving new licenses and frequencies, receiving regulatory approvals for rolling out our networks in the regions for which we have licenses, receiving regulatory approvals for changing our frequency plans and importing and certifying our equipment;
- difficulty in complying with applicable legislation and the terms of any notices or warnings received from the regulatory authorities in a timely manner;
- significant additional costs;
- delays in implementing our operating or business plans; and
- a more competitive operating environment.

Telecommunications operators in Russia and the CIS are subject to regulatory levies and fees and may become subject to pricing regulation.

Russian telecommunications operators are obligated to pay levies and fees under the Communications Law and pursuant to existing regulation. For example, every telecommunications operator is required to make compulsory payments to a "universal services fund" in the amount of 1.2% of its revenues (excluding revenues from traffic transmissions). Additionally, the Communications Law provides for payments for numbering capacity allocation, including through auctions in instances where numbering capacity is scarce. Because telecommunications operators apply for numbering allocation on a regular basis, this payment requirement may have a material adverse effect on the financial condition of operators.

Telecommunications regulators in Russia and the CIS may impose additional levies and fees on our operations from time to time. Such payment obligations create financial burdens and we may not be able to pass related costs on to subscribers, which, in turn could have a material adverse affect on our business, financial condition and results of operations. It has been reported that Kazakh and Ukrainian authorities are each considering implementing new compulsory payments to their respective universal telecommunications services funds and that the Tajik authorities are considering implementing a significant increase in license fees for mobile telecommunications operations.

In the recent past, amendments to the Communications Law have been proposed which would have resulted in the regulation of tariffs set by mobile operators for interconnection and transfer of traffic. According to the proposed amendments, an operator will be subject to such regulation if it, together with its affiliated persons, owns at least 25.0% of the installed capacity of the operational networks that are part of the public communications network and relate to the same type of communications services technology, such as communications networks using DEF codes, within a subject territory of the Russian Federation or throughout the Russian Federation. Although the proposed amendments were not adopted, these or similar amendments may be adopted in the future and would restrict our ability to set tariffs. Such restrictions could have a material adverse affect on our business, financial condition and results of operations.

Arbitrary action by the authorities may have a material adverse effect on our business.

Governmental, regulatory and tax authorities have a high degree of discretion and at times exercise their discretion arbitrarily, without a hearing or prior notice, and sometimes in a manner that is contrary to law. In Russia, governmental actions have included unscheduled inspections by regulators, suspension or withdrawal of licenses and permissions, unexpected tax audits, criminal prosecutions and civil actions. Russian federal and local government entities have also used common defects in matters surrounding share-issuances and registration as pretexts for court claims and other demands to invalidate such issuances and registrations and void transactions. Authorities also have the power in certain circumstances, by regulation or government act, to interfere with the performance of, nullify or possibly terminate contracts. Although such actions have been condemned at the highest government levels, they continue to take place according to press reports.

Recent amendments to the Russian Federal Law "On Enforcement Proceedings" and the Russian Federal Law "On Court Bailiffs" have given bailiffs the right to obtain from mobile services providers personal data on

subscribers for law enforcement purposes. We could lose subscribers as a result of these amendments, which could have a material adverse effect on our business, financial condition and results of operations.

If we are found not to be in compliance with applicable telecommunications laws or regulations, we could be exposed to additional costs or suspension or termination of our licenses, which may materially adversely affect our business.

Our operations and properties are subject to considerable regulation by various governmental entities in connection with obtaining and renewing various licenses, frequencies and permissions, as well as ongoing compliance with existing laws, decrees and regulations. We cannot assure you that regulators, judicial authorities or third parties will not challenge our compliance with such laws, decrees and regulations. Governmental agencies exercise considerable discretion in matters of enforcement and interpretation of applicable laws, decrees and regulations, the issuance and renewal of licenses, frequencies and permissions and in monitoring licensees' compliance therewith. Communications regulators conduct periodic inspections and have the right to conduct additional unscheduled inspections during the year. We have been able to cure violations found by the regulators within the applicable grace period but were nevertheless required to pay fines. We cannot assure you that in the course of future inspections conducted by regulatory authorities, we will not be found to have violated any laws, decrees or regulations, that we will be able to cure such violations within any grace periods permitted by such notices, or that the regulatory authorities will be satisfied by the remedial actions we have taken or will take.

In Russia, we routinely receive notices with respect to violations of our GSM and other licenses. To the extent possible, we take measures to comply with the requirements of the notices. Nonetheless, at any given time, there may be outstanding notices with which we have not complied within the cure periods specified in the notices, primarily due to delays in the issuance of frequency permits, sanitation-epidemiological permissions, and permissions for the operation of our equipment and communication facilities in connection with the rollout of our networks (including our transportation network) by responsible regulatory authorities. Accordingly, at any given time a certain percentage of our base stations and equipment may not have all permissions required causing us to be in violation of the terms of our GSM and other licenses. Failure to comply with the provisions of a notice due to a delay in the issuance of such permits or permissions by the regulatory bodies at times has not been, and in the future may not be, an acceptable explanation to the authorities issuing the notices. In 2006, 2007, 2008, 2009 and 2010, in order to comply with notices from the regulator, we switched off a number of base stations that were operating without the necessary permissions. If we switch off additional base stations, the quality of service of our networks in those areas may deteriorate. We are also potentially responsible for violations of legislation by our dealers and sub-dealers in failing to obtain personal data such as name, address and passport number when selling SIM-cards. We cannot assure you that we will be able to cure such violations within the grace periods permitted by such notices or that the regulator will be satisfied by the remedial actions we have taken or will take. In addition, we cannot assure you that our requests for extensions of time periods in order to enable us to comply with the terms of the notices will be granted. Accordingly, we cannot assure you that such findings by the regulator or any other authority will not result in the imposition of fines or penalties or more severe sanctions, including the suspension and subsequent termination of our licenses, frequency allocations, authorizations, registrations, or other permissions, any of which could increase our estimated costs and materially adversely affect our business.

Developing legal systems of the CIS countries in which we operate create a number of uncertainties for our business.

Many aspects of the legal systems in Russia and the CIS create uncertainties with respect to many of the legal and business decisions that we make, many of which do not exist in countries with more developed legal systems. The uncertainties we face include, among others, potential for negative changes in laws, gaps and inconsistencies between the laws and regulatory structure, and difficulties in enforcement due to an under-developed judicial system.

The nature of much of the legislation in Russia and the CIS, the lack of consensus about the scope, content and pace of economic and political reform and the rapid evolution of the legal system in Russia and the CIS in ways that may not always coincide with market developments, place the enforceability and, possibly, the constitutionality of laws and regulations in doubt and result in ambiguities, inconsistencies and anomalies. The legislation often contemplates implementing regulations that have not yet been promulgated, leaving substantial gaps in the

regulatory infrastructure. All of these weaknesses could affect our ability to enforce our rights under our licenses and under our contracts, or to defend ourselves against claims by others.

Lack of independence and experience of the judiciary, difficulty of enforcing court decisions, the unpredictable acknowledgement and enforcement of foreign court judgments or arbitral awards in Russia and the CIS and governmental discretion in enforcing claims give rise to significant uncertainties.

The independence of the judicial system and its immunity from political, economic and nationalistic influences in Russia and the CIS remains largely untested. Judicial precedents have no formal binding effect on subsequent decisions. Not all legislation and court decisions are readily available to the public or organized in a manner that facilitates understanding. The judicial systems can be slow. Enforcement of court orders can in practice be very difficult. All of these factors make judicial decisions in Russia and the CIS difficult to predict and make effective redress uncertain. Additionally, court claims are often used in furtherance of political aims. We may be subject to such claims and may not be able to receive a fair hearing. Additionally, court orders are not always enforced or followed by law enforcement agencies.

None of the countries where we operate, including Russia, are parties to any multilateral or bilateral treaties with most Western jurisdictions, including the United Kingdom, for the mutual enforcement of judgments of state courts. Consequently, should a judgment be obtained from a court in any of such jurisdictions, it is highly unlikely to be given direct effect in the courts of Russia and the CIS. However, Russia is party to a bilateral agreement for mutual assistance in civil cases with Ukraine. In addition, Russia (as successor to the Soviet Union), Ukraine and Kazakhstan are party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, which we refer to as the New York Convention. A foreign arbitral award obtained in a state that is party to the New York Convention should be recognized and enforced by a Russian court (subject to the qualifications provided for in the New York Convention and compliance with Russian civil procedure regulations and other procedures and requirements established by Russian legislation and non-violation of Russian public policy). There is also a risk that Russian procedural legislation will be changed by way of introducing further grounds preventing foreign court judgments and arbitral awards from being recognized and enforced in Russia. In practice, reliance upon international treaties may meet with resistance or a lack of understanding on the part of Russian courts or other officials, thereby introducing delays and unpredictability into the process of enforcing any foreign judgment or any foreign arbitral award in the Russian Federation.

Russian tax laws, regulations and court practice are subject to frequent change, varying interpretations and inconsistent and selective enforcement.

Generally, taxes payable by Russian companies are relatively substantial and include, inter alia, corporate profits tax, VAT, excise, property tax, payroll-related taxes and other taxes. Russian tax laws, regulations and court practice are subject to frequent change, varying interpretation and inconsistent and selective enforcement. The law and legal practice in Russia are not as clearly established as those of mature markets and there are a number of uncertainties with respect to the application of tax legislation. In some instances, although it may be viewed as contrary to Russian constitutional law, the Russian tax authorities have applied certain new tax laws retroactively, issued tax claims for periods for which the statute of limitations had expired and reviewed the same tax period multiple times.

Despite the Russian government's steps to reduce the overall tax burden in recent years, Russia's largely ineffective tax collection system and continuing budgetary funding requirements may increase the likelihood that the Russian Federation will impose arbitrary or onerous taxes and penalties in the future, which could have a material impact on our business and financial performance. Additionally, taxation has been used as a tool for significant state intervention in certain key industries.

Since Russian federal, regional and local tax laws and regulations are subject to frequent change and some of the sections of the Tax Code of the Russian Federation (the "Tax Code") are comparatively new, interpretation of these laws and regulations is often unclear or non-existent. Taxpayers and the Russian tax authorities often interpret tax laws differently. Differing interpretations of tax regulations exist both among and within government ministries and organizations at the federal, regional and local levels, creating uncertainties and inconsistent enforcement. Furthermore, in the absence of binding precedent, court rulings on tax or other related matters by different courts relating to the same or similar circumstances may also be inconsistent or contradictory. Taxpayers often have to resort to court proceedings to defend their position against the tax authorities. Recent events within the Russian

Federation suggest that the tax authorities may be taking a more assertive position in their assessments and their interpretation of legislation and it is possible that transactions and activities that have not been challenged in the past may now be challenged.

In addition to the usual tax burden imposed on Russian taxpayers, these conditions complicate tax planning and related business decisions, potentially exposing us to significant fines and penalties as well as potentially severe enforcement measures despite its best efforts to comply. This could have a significant adverse effect on our business, prospects, financial condition and results of operations.

On October 12, 2006, the Plenum of the High Arbitration Court of the Russian Federation issued Resolution No. 53 formulating the concept of "unjustified tax benefit," which is described in the Resolution by reference to circumstances, such as absence of business purpose or transactions where the form does not match the substance, and which could lead to the disallowance of tax benefits resulting from the transaction or the recharacterization of the transaction. There has been very little further guidance on the interpretation of this concept by the tax authorities or courts, but it is likely that the tax authorities will actively seek to apply this concept when challenging tax positions taken by taxpayers in Russian courts. While the intention of this Resolution might have been to combat abuse of tax laws, in practice, there is no assurance that the tax authorities will not seek to apply this concept in a broader sense.

Generally, tax declarations of Russian companies remain open and subject to inspection by tax and/or customs authorities for three calendar years immediately preceding the year in which the decision to conduct an audit is taken. However, the fact that a particular year has been reviewed by tax authorities does not preclude that year from further review or audit during the eligible three-year limitation period by a superior tax authority. On 14 July 2005 the Russian Constitutional Court issued a decision allowing the statute of limitations for tax liabilities to be extended beyond the three-year term set forth in the tax laws if a court determines that the taxpayer has obstructed or hindered a tax inspection. Moreover, recent amendments to the first part of the Tax Code, effective 1 January 2007, provide for the extension of the three-year statute of limitations if the actions of the taxpayer created insurmountable obstacles for the tax audit. Because none of the relevant terms is defined, tax authorities may have broad discretion to argue that a taxpayer has "obstructed", "hindered" or "created insurmountable obstacles" in respect of an inspection and to ultimately seek review and possibly apply penalties beyond the three-year term, and there is no guarantee that the tax authorities will not review our compliance with applicable tax law beyond the three-year limitation period.

Russian law does not provide for the possibility of group relief or fiscal unity. Consequently, financial results of each of Russian company belonging to the group are not consolidated for tax purposes, i.e. no offset of profit of one entity against losses of another entity in the group is possible. The Russian Government, in its "Major Trends in Russian Tax Policy for 2009-2011", has proposed the introduction of consolidated tax reporting to enable the consolidation of the financial results of Russian taxpayers which are part of one group for corporate income tax purposes. We are aware that the draft law on consolidated tax reporting has already been drafted, however, at this stage, it is impossible to predict whether, when or how consolidated tax reporting principles will be enacted.

In addition, intercompany dividends are subject to a withholding tax of 0.0% or 9.0% (depending on whether the recipient of dividends qualifies for Russian participation exemption rules), if being distributed to Russian companies, and 15.0% (or lower, subject to benefits provided by relevant double tax treaties), if being distributed to foreign companies. If the receiving company itself pays a dividend, it may offset tax withheld against its own withholding liability of the onward dividend although not against any withholding made on a distribution to a foreign company. These tax requirements impose additional burdens and costs on our operations, including management resources.

Moreover, Russian tax legislation in effect as at the date of this Prospectus does not contain a concept of corporate tax residency (rather, the Russian domestic legislation recognizes the concept of a taxpayer). Russian legal entities and organizations are taxed on their worldwide income while foreign legal entities and organizations are taxed in Russia on income attributable to their permanent establishment and on Russian source income, received by these foreign legal entities and organizations. Our certain foreign companies may be treated by the tax authorities as having permanent establishment in Russia.

Nevertheless, the Russian Government, in its "Major Trends in Russian Tax Policy for 2008-2010", has proposed the introduction into the domestic tax law of a concept of tax residency for legal entities. According to the proposals, a non-Russian entity would be deemed a Russian tax resident based on the place of its effective

management and control and/or based on the residence of its shareholders. No assurance can be given as to whether and when these amendments will be enacted, their exact nature, and their interpretation by the tax authorities and possible impact on us. We cannot rule out that, as a result of the introduction of these changes to the Russian tax legislation, our certain foreign companies might be deemed to be Russian tax residents, subject to all applicable Russian taxes.

It should also be noted, that on 2 September 2010, Federal Law No 229-FZ entered into force introducing changes to the interest deductibility limits capping the amount of interest expenses deductible for corporate profits tax purposes. Starting from 1 January 2011 the limits are set up as 1.8 times the Russian Central Bank refinancing rate for loans denominated in Russian rubles, and 0.8 times the Russian Central Bank refinancing rate for loans denominated in foreign currency (comparing to current limit 15.0% for foreign currency denominated loans). Very likely these changes will result in a disallowance of a certain portion of interest expenses incurred on foreign currency denominated loans, which could have an adverse effect on our business, financial condition or results of operations or prospects.

Moreover, the Russian Government in its "Major Trends in Russian Tax Policy for 2011-2013", has proposed to reconsider existing thin capitalization rules with the view of newly drafted list of related parties. It is planned that new thin capitalization rules would affect relationships between not only domestic and foreign counterparts, but also between domestic parties as well. It is also planned to reconsider methods of calculation of deductibility limits for interest expenses (which are currently based on the Russian Central Bank refinancing rate). No assurance can be given as to whether and when these amendments will be enacted, their exact nature, and their interpretation by the tax authorities and possible impact on us. We cannot rule out that, as a result of the introduction of these changes to the Russian tax legislation our business, prospects, financial condition and results of operations may be adversely affected.

Current Russian tax legislation is, in general, based upon the formal manner in which transactions are documented, looking to form rather than substance. However, the Russian tax authorities, in some cases, are increasingly taking a "substance and form" approach, which may cause additional tax exposures to arise in the future. There can be no assurance that the Tax Code or its interpretation will not be changed in the future in a manner adverse to the stability and predictability of the tax system (including in relation to thin capitalization and transfer pricing rules and other rules governing the deductibility of interest or other expenses and the timing thereof). It is expected that Russian tax legislation will become more sophisticated, which, coupled with the state budget deficits, may result in the introduction of additional revenue raising mechanisms. Although it is unclear how these measures would operate, the introduction of such measures could affect our overall tax efficiency and result in significant additional tax liabilities. Additional tax exposure could have a significant adverse effect on our business, prospects, financial condition and results of operations.

Vaguely drafted Russian transfer pricing rules and lack of reliable pricing information may impact our business, financial condition and results of operations.

Transfer pricing legislation became effective in the Russian Federation on 1 January 1999. This legislation allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all "controlled" transactions, provided that the transaction price differs from the market price by more than 20 per cent. "Controlled" transactions include transactions with related parties, barter transactions, foreign trade transactions and transactions with unrelated parties with "significant price fluctuations" (i.e., if the price with respect to such transactions differs from the prices on similar transactions conducted within a short period of time by more than 20.0%). Special transfer pricing adjustments are also applicable to operations with securities and derivatives. Russian transfer pricing rules are vaguely drafted, generally leaving wide scope for interpretation by Russian tax authorities and courts and their use in politically motivated investigations and prosecutions There has been very little guidance (although some court practice is available) as to how these rules are to be applied.

If the tax authorities were to impose significant additional tax liabilities as a result of transfer pricing adjustments, it could have a material adverse impact on our business, financial condition and results of operations. Additionally, in the event that a transfer pricing adjustment is assessed by the Russian tax authorities, the Russian transfer pricing rules do not provide for a correlative adjustment to the related counterparty in the transaction that is subject to adjustment. Although a possibility for such an adjustment in relation to cross-border transactions generally exists through a mutual agreement procedure allowed by most of the double taxation agreements signed

by Russia with other countries, this procedure has not been seen working in practice. In addition to the usual tax burden imposed on Russian taxpayers, these conditions complicate tax planning and related business decisions.

Due to the uncertainties in the interpretation of transfer pricing legislation, there is a risk that the tax authorities may challenge the prices of some of our transactions and propose adjustments and, to the extent that any such challenge is upheld by the Russian arbitration courts and implemented, our business, revenues, financial condition, results of operations and prospects could be materially adversely affected.

Currently new Russian transfer pricing rules are in the process of adopting by the State Duma of the Russian Federation. The new Russian transfer pricing rules may be adopted and come into force some time during 2011. The implementation of these amendments should help aligning domestic rules more with OECD principles. At the same time, the amendments are expected to considerably toughen the existing law, as the proposed changes are expected, among other things, to effectively shift the burden of proving market prices from the tax authorities to the taxpayer, obliging the taxpayer to keep specific documentation. Besides that, the new rules introduce certain other significant amendments:

- introduction of the arm's length principle as a fundamental principle of the Russian transfer pricing rules;
- the new list of controlled transactions (which would cover cross-border transactions with certain commodities, cross-border transactions with related parties and tax haven residents, and certain intra-Russian transactions with related parties);
- the extended list of related parties;
- the extended list of transfer pricing methods (including the Transactional Net Margin Method and the Profit Split method) with the choice of method depending on the allocation of functions performed, risks assumed and assets employed by the parties to a transaction (instead of a rigid priority of methods under current legislation);
- replacement of the existing permitted deviation threshold by the arm's length range of market prices (profitability);
- the correlative adjustments in relation to domestic transactions;
- special transfer pricing audits by federal tax authorities and specific transfer pricing penalties (more severe that in case of other, non-transfer pricing related, tax assessments).

Introduction of the new transfer pricing rules may increase the risk of transfer pricing adjustments by the tax authorities and have a material impact on our business and the results of operations. It will also require us to ensure compliance with the new transfer pricing documentation requirements proposed by these rules.

Laws restricting foreign investment could materially adversely affect our business.

We could be materially adversely affected by the adoption of new laws or regulations restricting foreign participation in, or increasing state regulation of, the telecommunications industry in Russia and/or the CIS. The Foreign Investment Law places limits on the amount of foreign investment in companies that are deemed to be strategic. Pursuant to the Foreign Investment Law, a company operating in the telecommunications sector may be deemed strategic to the extent that it holds a dominant position in the Russian communications market (except for the Internet services market) or, in the case of fixed-line telecommunications, in the particular company's market covering five or more Russian regions or covering Russian cities of federal importance. In connection with the passage of the Foreign Investment Law, amendments were adopted to certain provisions of the Communications Law which provide that with respect to mobile telecommunications, a company will be deemed to have a dominant position for purposes of application of the Foreign Investment Law if its share of the Russian mobile telecommunications market exceeds 25.0%. According to the FAS Order, the FAS has determined that a group of persons consisting of our company and two of our Russian subsidiaries, one of which has been merged with and into our company, has a dominant position as our share of the Russian mobile telecommunications market exceeds 25.0%. As a consequence, our company is now deemed to be a strategic enterprise and, among other things, any transaction for acquisition by a foreign investor of a direct or indirect control over more than 50.0% of our voting shares will now require the prior approval of the Russian authorities pursuant to the Foreign Investment Law. There

can be no assurance that the limits on foreign investment pursuant to the Foreign Investment Law would not have a material adverse effect on our business, financial condition, results of operations and prospects.

In Kazakhstan, an amendment to the law "On National Security" was adopted in July 2004 which specifically limits investments to less than 49.0% by foreign legal entities or individuals in domestic and long distance operators who own certain communications lines (including fiber optic and microwave links). The law "On Investments," adopted in January 2003, consolidated past Kazakh legislation governing foreign investment. While these laws guarantee the stability of existing contracts, all contracts are subject to amendments in domestic legislation, certain provisions of international treaties, and domestic laws dealing with "national and ecological security, health and ethics."

Our growth strategy may also be limited by laws in jurisdictions outside of Russia and the CIS restricting foreign ownership. For example, the law of Vietnam currently restricts foreign ownership of a majority stake in certain types of telecommunications companies.

The developing securities laws and regulations of Russia and the CIS may limit our ability to attract future investment and could subject us to fines or other enforcement measures despite our best efforts at compliance, which could cause our financial results to suffer and harm our business.

The regulation and supervision of the securities market, financial intermediaries and issuers are considerably less developed in Russia and the CIS than in the United States and Western Europe. Disclosure and reporting requirements, anti-fraud safeguards, insider trading restrictions and fiduciary duties are relatively new to Russia and the CIS and are unfamiliar to most companies and managers. In addition, Russian securities rules and regulations can change rapidly, which may materially adversely affect our ability to conduct securities-related transactions, including our ability to attract investments in our securities in the Russian market. We may be subject to fines or other enforcement measures despite our best efforts at compliance, which could cause our financial results to suffer and harm our business.

We may be exposed to liability for actions taken by our subsidiaries.

In certain cases we may be jointly and severally liable for any obligations of a subsidiary under a transaction. We may also incur secondary liability for any obligations of a subsidiary in certain cases involving bankruptcy or insolvency. The other shareholders of the subsidiary may seek compensation from us for the losses sustained by the subsidiary that were caused by us. This type of liability could result in significant obligations and materially adversely affect our business.

Risks Related to the Notes

We will have the ability to incur more debt and this could increase the risks described above.

We may decide to incur additional debt in the future, including secured debt that will be effectively senior to the Loan Agreements as to the value of the assets constituting collateral for such secured debt. While the Loan Agreements contain certain limitations on our ability to incur additional debt, nonetheless we are permitted to incur such debt. If new debt, in particular secured debt, is added to our current debt levels, the magnitude of the related risks described above could increase, and the foregoing factors could have an adverse effect on our ability to pay amounts due in respect of the Loan Agreements and, therefore, ultimately the Issuer's ability to pay amounts due in respect of the Notes.

Our secured indebtedness is effectively senior to the Notes.

As of September 30, 2010, we had an aggregate amount of US$38.6 million of secured indebtedness. All of our secured indebtedness is effectively senior to our obligations under the Loans, which are unsecured. As a result, if we default on a Loan and this default triggers an event of default under any of our secured indebtedness, holders of our secured indebtedness will have priority over the Issuer or the Trustee acting on behalf of the relevant Noteholders to the extent of the value, validity and priority of the liens on the assets securing such indebtedness. In addition, we have a significant amount of unsecured indebtedness that ranks equally in right of payment with the Loans. As of September 30, 2010, the aggregate principal on our total outstanding unsecured indebtedness was approximately US$5,958.9 million. Subsequent to September 30, 2010, there have been changes in certain of our

secured and unsecured indebtedness. For information regarding these changes, please refer to the sections of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing activities."

Your right to receive payment on the Notes will be limited to payments received and retained by the Issuer under the related Loan Agreements.

The Notes are limited recourse obligations of the Issuer. The Issuer is only obliged to make payments under the Notes to the relevant Noteholders in an amount equivalent to sums of principal, premium (if any), interest and/or Additional Amounts (as defined in the Loan Agreements), if any, and Tax Indemnity Amounts (as defined in the Loan Agreements), if any, actually received and retained by or for the account of the Issuer under the related Loan Agreement. Consequently, if we fail to fully meet our obligations under the related Loan Agreement, you will receive less than the scheduled amount of principal, premium (if any), interest and/or additional amounts (if any) on the relevant due date.

Your right to receive payments on the Notes is structurally subordinated to indebtedness of our subsidiaries.

Our subsidiaries will not guarantee the Loans. Our consolidated subsidiaries are the primary or sole obligors on US$195.8 million, or approximately 3.0% of our total debt as of September 30, 2010. In general, claims of a subsidiary's creditors, including trade creditors, secured creditors and unsecured creditors holding indebtedness and guarantees issued by such subsidiary, will have priority with respect to the assets and earnings of that subsidiary over the claims of the creditors of its parent company as a shareholder, except to the extent that our company is a valid creditor of that subsidiary under Russian law. The Loans, therefore, will effectively be structurally subordinated to creditors, including trade creditors, of each of our subsidiaries. In addition, the Loans will be structurally subordinated to vendor financing obtained by our subsidiaries.

We may be unable to repay the Loans at maturity.

At maturity, we may not have the funds to fulfill our obligations under the Loans and we may not be able to arrange for additional financing. If the maturity date of the Loans occurs at a time when other arrangements prohibit us from repaying the Loans, we would try to obtain waivers of such prohibitions from the lenders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. If we could not obtain the waivers or refinance these borrowings, we would be unable to repay the Loans.

As a Noteholder, you have no direct recourse to our company.

Except as otherwise disclosed in the "Terms and Conditions of the Notes" section of this prospectus and in the Trust Deeds, no proprietary or other direct interest in the Issuer's rights under or in respect of the Loan Agreements or the Loans exists for the benefit of the Noteholders. Subject to the terms of the Trust Deeds, no Noteholder will have any entitlement to enforce any of the provisions of the related Loan Agreement or have direct recourse to our company, except through action by the Trustee under the Security Interests (as defined in the "Terms and Conditions of the Notes"). Neither the Issuer nor the Trustee under the Loan Administration Transfer (as defined in the "Terms and Conditions of the Notes") shall be required to enter into proceedings to enforce payment under the related Loan Agreement unless it has been indemnified and/or secured by the Noteholders to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith. Payments of principal and/or interest by our company under the Loan Agreements to, or to the order of the Trustee or the Principal Paying Agent will satisfy the Issuer's obligations in respect of the related Notes. Consequently, other than as specified, Noteholders will have no further recourse against the Issuer or our company after such payment is made.

The claims of Noteholders may be limited in the event that our company or any of our operating subsidiaries are declared bankrupt.

Russian bankruptcy law often differs from bankruptcy laws of England and the United States, and is subject to varying interpretations. There is insufficient precedent to be able to predict how claims of the Issuer or Noteholders against our company or any of our operating subsidiaries would be resolved in the event of bankruptcy.

In the event of bankruptcy, our obligations to the Issuer or Noteholders could be subordinated to the following obligations:

- workplace injury obligations;
- severance pay and employment related obligations;
- secured creditors; and
- tax and other payment obligations to the government.

In the event of our insolvency, Russian bankruptcy law may adversely affect our ability to make payments to the Issuer or the Trustee.

We cannot assure you that an active trading market will develop for the Notes.

Although we have applied to list the Notes on the Irish Stock Exchange, we cannot assure you that an active trading market for the Notes will develop. We do not know the extent to which investor interest will lead to the development of an active trading market or how liquid that market might be, nor can we make any assurances regarding the ability of Noteholders to sell their Notes or the price at which the Notes might be sold. As a result, the market price of the Notes could be adversely affected.

The market price of the Notes may be volatile.

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in our own and our competitors' operating results, adverse business developments, changes to the regulatory environment in which we operate, changes in financial estimates by securities analysts, and the actual or expected sale of a large number of Notes, as well as other factors. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that have caused substantial volatility in the prices of such securities. Any such disruptions may harm Noteholders. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could adversely affect the market price of the Notes without regard to our results of operations, prospects or financial condition. In this context, future terrorist attacks in the United States, such as those of September 11, 2001, or elsewhere, such as those of March 11, 2004 in Spain, July 7, 2005 in the United Kingdom and terrorist attacks that have occurred in Russia, any worldwide developments responding to any terrorist attacks, and continued tension in the Middle East, though not directly affecting us or our operations, could produce sustained pressure on the global financial markets and worldwide economic trends.

The market price of the Notes could be affected by any change in the credit ratings of the Notes or our company. The Notes have been rated "BB+" by Standard & Poor's Ratings Services, which placed the rating on negative credit watch and "Ba2" by Moody's Investors Service, which placed the rating on review for possible downgrade. Our company has been given a long-term corporate credit rating of "BB+" by Standard & Poor's Ratings Services and a Corporate Family Rating of "Ba2" by Moody's Investors Service. In connection with the announcement of the Weather Transaction, Standard & Poor's Ratings Services put our company on the negative credit watch, and Moody's Investors Service placed our ratings on review for a possible downgrade. In the event of any downgrade in our ratings by Standard & Poor's Ratings Services, Moody's Investors Service or another rating agency, or in the event that Standard & Poor's Ratings Services, Moody's Investors Service or any other rating agency imposes any financial or other condition on our retaining any rating assigned to our company or the Notes, or indicates that it is considering the downgrading, suspension or withdrawal of, or any review for a possible change that does not indicate the direction of the possible change in, any rating so assigned or any change in the outlook for any rating of our company, as applicable, or the Notes, the market price of the Notes could be materially adversely affected. In addition, any such change or development may increase our cost of borrowing or affect our ability to obtain debt financing in the future.

Certain transactions contemplated in connection with the offering of the Notes could constitute prohibited transactions under ERISA.

The United States Employee Retirement Income Security Act of 1974, as amended, or ERISA, and the Internal Revenue Code of 1986, as amended, or the Code, set forth certain restrictions on employee benefit plans and certain other plans and entities. Certain transactions contemplated in connection with the offering of the Notes could be deemed to constitute direct or indirect prohibited transactions under ERISA or the Code. A prohibited transaction may result in an excise tax, penalty or other liabilities under ERISA or the Code, unless exemptive relief is available. Your attention is drawn to the section of this prospectus entitled "Certain ERISA Considerations," in

which any purchaser or holder of Notes and any subsequent transferee of Notes is deemed to have made representations that it is not investing assets of a benefit plan that is subject to ERISA or to Section 4975 of the Code.

Risks Related to the Issuer

Examiners, preferred creditors under Irish law and floating charges may impose additional risks on the Notes

Centre of Main Interest

As the Issuer has its registered office in Ireland, there is a rebuttable presumption that its centre of main interest ("COMI") is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. In the decision by the European Court of Justice ("ECJ") in relation to Eurofood IFSC Limited, the ECJ restated the presumption in Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Proceedings, that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". As the Issuer has its registered office in Ireland, has Irish directors, is registered for tax in Ireland and has an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. If the Issuer's COMI is not in Ireland, and is held to be in a different jurisdiction within the European Union, main insolvency proceedings may not be opened in Ireland.

Examinership

Examinership is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended (the "1990 Act") to facilitate the survival of Irish companies in financial difficulties.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to halt, prevent or rectify acts or omissions, by or on behalf of the company after his appointment and, in certain circumstances, negative pledges given by the company prior to his appointment will not be binding on the company. Furthermore, where proposals for a scheme of arrangement are to be formulated, the company may, subject to the approval of the court, affirm or repudiate any contract under which some element of performance other than the payment remains to be rendered both by the company and the other contracting party or parties.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist in the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when a minimum of one class of creditors, whose interests are impaired under the proposals, has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement and the proposals are not unfairly prejudicial to any interested party.

The fact that the Issuer is a special purpose entity and that all its liabilities are of a limited recourse nature means that it is unlikely that an examiner would be appointed to the Issuer.

If, however, for any reason, an examiner were appointed while any amounts due by the Issuer under the Notes were unpaid, the primary risks to the holders of Notes would be as follows:

(i) the Trustee, acting on behalf of Noteholders, would not be able to enforce rights against the Issuer during the period of examinership; and

(ii) a scheme of arrangement may be approved involving the writing down of the debt due by the Issuer to the Noteholders irrespective of the Noteholders' views.

Preferred Creditors

If the Issuer becomes subject to an insolvency proceeding and the Issuer has obligations to creditors that are treated under Irish law as creditors that are senior relative to the Noteholders, the Noteholders may suffer losses as a result of their subordinated status during such insolvency proceedings. In particular:

(i) under the terms of the Trust Deeds, the Notes will be secured in favour of the Trustee for the benefit of itself and the related Noteholders by security over the related Loan Agreement and sums held in the related account with the Principal Paying Agent. Under Irish law, the claims of creditors holding fixed charges may rank behind other creditors (namely fees, costs and expenses of any examiner appointed and certain capital gains tax liabilities) and, in the case of fixed charges over book debts, may rank behind claims of the Irish Revenue Commissioners for PAYE and VAT;

(ii) under Irish law, for a charge to be characterized as a fixed charge, the charge holder is required to exercise the requisite level of control over the assets purported to be charged and the proceeds of such assets including any bank account into which such proceeds are paid. There is a risk therefore that even a charge which purports to be taken as a fixed charge, such as the Charge, may take effect as a floating charge if a court deems that the requisite level of control was not exercised; and

(iii) in an insolvency of the Issuer, the claims of certain other creditors (including the Irish Revenue Commissioners for certain unpaid taxes), as well as those of creditors mentioned above, will rank in priority to claims of unsecured creditors and claims of creditors holding floating charges.

Risks Related to Taxation of the Notes

Our interest payments on the Loans to the Issuer may be subject to Russian withholding tax, which would reduce the amounts received under the Notes.

Interest payments made on the Loans to the Issuer may be subject to Russian withholding tax, which would correspondingly reduce the amounts received under the Notes.

In general, payments of interest on borrowed funds made by a Russian legal entity or organization to a non-resident legal entity are subject to Russian withholding tax at a rate of 20.0%, absent reduction or elimination pursuant to the terms of an applicable double taxation treaty. Based on professional advice that we have received, we believe that payments of interest on the Loans should not be subject to withholding tax under the terms of an applicable double taxation treaty between the Russian Federation and Ireland. However, there can be no assurance that such double tax treaty relief will be obtained in practice or will continue to be available throughout the term of the Notes.

In this respect, it should also be noted that the President of the Russian Federation, in his budget message of 25 May 2009 expressed a goal of introducing legal mechanisms to restrict the use of international double tax treaties for the purpose of minimizing taxes where the ultimate beneficiaries of income subject to such tax minimization are not residents of the country party to the relevant double tax treaty with the Russian Federation. It is unclear what form such legal mechanisms may take, how they may be applied or when they may be introduced; however, we understand that relevant amendments to the Russian Tax Code are being drafted. Depending on the form they take, if and when enacted, such amendments may result in the Issuer being unable to claim tax benefits under the Russia-Ireland Tax Convention.

If payments under the Loans are subject to any withholding tax, we will be obliged in certain circumstances to pay such additional amounts as may be necessary so that the net payments received and retained by the Issuer will not be less than the amount it would have received and retained in the absence of such withholding.

While there is doubt as to whether these gross-up clauses in the Loan Agreements are enforceable under Russian law, our failure to pay additional amounts would be an event of default under the Loan Agreements. In the event that we would be obliged to pay additional amounts, we may prepay the Loans at their principal amounts, together with accrued but unpaid interest and Additional Amounts, if any, and Tax Indemnity Amounts, if any, as such terms are defined in the Loan Agreements.

Our interest payments on the Notes from the Issuer to the Noteholders may be subject to Irish withholding tax, which would reduce the amounts received under the Notes.

Payments in respect of the Notes will be made without deduction or withholding for or on account of Irish taxes except as required by law. Based on professional advice we have received, we believe that payments in respect of the Notes will not be subject to deduction or withholding for or on account of Irish taxes. For further information on the applicability of withholding tax to interest payments, please see the section of this prospectus entitled "Tax Considerations—Irish Taxation." In the event any payments in respect of the Notes would be or become subject to deduction or withholding for or on account of Irish taxes, subject to certain limitations, we would be required under the Loan Agreements to pay additional amounts to the Issuer and the Issuer will be required to pay such additional amounts only to the extent it receives and retains such amounts from us. For further information regarding the circumstances in which the payment of such additional amounts will be required, and the limitations thereon, please see the section of this prospectus entitled "Terms and Conditions of the Notes—7. Taxation."

A withholding tax may be imposed upon the disposal of the Notes in Russia which could adversely affect the value of the Notes.

A non-resident holder that is a legal entity or organization, which, in either case, is not organized under Russian law and which holds and disposes of the Notes otherwise than through a permanent establishment in Russia generally should not be subject to withholding tax on any gain realized on the sale or on the disposition of the Notes, even if proceeds are received from a source within Russia, although there is some residual uncertainty regarding the treatment of any part of such gain realized on sale or other disposal of the Notes that is attributable to accrued interest on the Notes. If the payment upon sale or other disposal of the Notes is received from within Russia, accrued interest may be distinguished from the total gain and taxed at the rate of 20.0% (even if the disposal is made at a loss) unless relief is available under an applicable double tax treaty.

Where proceeds from a disposition of the Notes are received from a source within Russia by a non-resident individual, such proceeds may be subject to personal income tax at a rate of 30.0% of the proceeds from such disposal of the Notes less any available documented cost deductions (including the acquisition cost of the Notes). Russian withholding tax is subject to relief under the relevant double tax treaty, however, there is no assurance that double tax treaty relief would be granted to non-resident Noteholders who are individuals, and obtaining a refund can involve considerable practical difficulties. The imposition or possibility of imposition of this withholding tax could adversely affect the value of the Notes. For more information, see the section of this prospectus entitled "Tax Considerations."

If the Trustee enforces the security under a Trust Deed, payments under the related Loan Agreement will no longer have the benefit of the Russian/Irish double taxation treaty. If this occurs, payments of principal and interest and other payments would be subject to withholding tax and we will not be required to gross up payments.

The Issuer has granted security over certain of its rights in the Loan Agreements to the Trustee in respect of its obligations under the Notes. The security under the Trust Deeds will become enforceable upon the occurrence of an Event of Default or a Relevant Event (as defined in "Terms and Conditions of the Notes"). In the event that the Trustee enforces the security under a Trust Deed, neither the Issuer nor the relevant Noteholders will have a right to require immediate repayment of the related Loan, as long as there is no Event of Default (as defined in the related Loan Agreement), and Noteholders will be entitled to payments of principal and interest under the related Loan Agreement. In these circumstances, payments under the Loan Agreements (other than in respect of the Reserved Rights) would be required to be made to, or to the order of, the Trustee. Under current Russian tax law, payments of interest and other payments made by us to the Trustee would in general be subject to Russian income tax withholding at a rate of 20.0% (or, potentially, 30.0% in respect of non-resident individual Noteholders). It is not expected that the Trustee would, or would be able to, claim a withholding tax exemption under any double tax treaty. While in theory it may be possible for some Noteholders who are eligible for an exemption from Russian withholding tax (or reduction of the tax rate) under double tax treaties to claim a refund of tax withheld, there would be considerable practical difficulties in obtaining any such refund.

We will be required to gross up payments if the Issuer ceases to be resident in Ireland or a Qualifying Jurisdiction by reason of a change of law.

There will be a withholding under the Loan Agreements if the Issuer, or any successor or assignee of the Issuer, ceases to be resident in a "Qualifying Jurisdiction" or if the Issuer, or any successor or assignee of the Issuer, takes any action that would render the double taxation treaty to be inapplicable. Where this is the case, we will only be required to gross up payments in the event that the Issuer, or any successor or assignee of the Issuer, ceases to be resident in Ireland or a Qualifying Jurisdiction by reason of a change of law (including a change in a double taxation treaty or in such law or treaty's application or interpretation) and in such circumstances the Issuer will be entitled to require prepayment of the Notes. Should the Issuer, or any successor or assignee of the Issuer, cease to be resident in Ireland or a Qualifying Jurisdiction in any other circumstances, we have no obligation to gross up and no right to prepay the Loans. As a result, Noteholders will receive payments under the Notes net of such withholding tax and will have no right to require that the Notes be prepaid.

DESCRIPTION OF THE TRANSACTION AND THE SECURITY

The following summary description should be read in conjunction with, and is qualified in its entirety by, the sections of this prospectus entitled "Terms and Conditions of the Notes," "Summary of Provisions of the Notes While in Global Form," "Form of the A Loan Agreement" and "Form of the B Loan Agreement."

Each transaction will be structured as a loan to our company from the Issuer.

The following diagram depicts, in simplified form, the structure of each transaction, including the issuance of the Notes and the Loans. The Issuer will issue the Notes for the sole purpose of funding the Loans to our company. The Notes will have the benefit of, be subject to and be constituted by, a related Trust Deed. The Notes are limited recourse obligations of the Issuer. The Issuer will not have any obligations to the Noteholders, other than for the obligation to account to the relevant Noteholders in respect of the payments of principal, premium (if any), interest and Additional Amounts (as defined in the Loan Agreements), if any, and any Tax Indemnity Amounts (as defined in the Loan Agreements), if any, under the Loans if, and only to the extent, received from our company and retained, less any Reserved Rights (as defined in the Loan Agreements). As provided in the Trust Deeds, the Issuer will:

- charge by way of security to the Trustee for the related Noteholders its rights to principal, premium (if any), interest and other amounts paid and payable under the related Loan Agreement and its right to receive amounts paid and payable under any claim, award or judgment relating to such Loan Agreement (in each case, other than its right to amounts in respect of certain Reserved Rights);
- charge by way of security to the Trustee sums held from time to time in the related account in London in the name of the Issuer with The Bank of New York Mellon, London Branch, together with the debt represented thereby (other than interest from time to time earned thereon and the Reserved Rights) pursuant to the Trust Deed; and
- transfer its administrative rights under the related Loan Agreement (save for those rights charged or excluded above) to the Trustee upon the closing of the offering of the Notes.

We will be obliged to make payments under the Loans to the related account of the Issuer in accordance with the terms of the related Loan Agreement. The Issuer will agree in the Trust Deeds not to agree to any amendments to or any modification or waiver of, or authorize any breach or proposed breach of, the terms of the Loan Agreements unless the Trustee has given its prior written consent or unless authorized to do so by an Extraordinary Resolution (as defined in the Trust Deeds) or Written Resolution (as defined in the Trust Deeds) of the Noteholders (except in relation to Reserved Rights). The Issuer will further agree to act at all times in accordance with the instructions of the Trustee from time to time with respect to the Loan Agreements (subject to being indemnified and/or secured to its satisfaction), other than as provided in the Trust Deeds and except in relation to Reserved Rights. Any amendments, modifications, waivers or authorizations made with the Trustee's consent shall be notified to the Noteholders in accordance with Condition 14 of the "Terms and Conditions of the Notes" and shall be binding on the Noteholders. The Issuer will also agree in the related Agency Agreement to require that all payments that we make under each Loan Agreement be directed to the relevant account of the Issuer. Formal notice of the security interests created by the Trust Deeds will be given to our company and The Bank of New York Mellon, London Branch, who will each be required to acknowledge the same.

In the event that the Trustee enforces the security interests granted to it, the Trustee will assume certain rights and obligations towards the Noteholders, as more fully set forth in the Trust Deeds.

Payments in respect of the Notes will, except in certain limited circumstances, be made without any deduction or withholding for or on account of Irish or Russian taxes, except as required by law. See the section of this prospectus entitled "Terms and Conditions of the Notes—7. Taxation." In the event that any deduction or

withholding is required by law, the Issuer will only be required to pay additional amounts to the extent that it receives and retains corresponding amounts from us under the related Loan Agreement. In addition, payments under the Loan Agreements shall be made without deduction or withholding for or on account of Russian or Irish taxes, except as required by law. In the event that any deduction or withholding is required by law, we will be obliged to increase the amounts payable under the related Loan Agreement as may be necessary so that the net payments received and retained by the Issuer will not be less than the amount it would have received in the absence of such withholding. See "Risk Factors—Risks related to Taxation of the Notes—Our interest payments on the Loans to the Issuer may be subject to Russian withholding tax, which would reduce the amounts received under the Notes" and "Risk Factors—Risks related to Taxation of the Notes—Our interest payments on the Notes from the Issuer to the Noteholders may be subject to Irish withholding tax, which would reduce the amounts received under the Notes."

In certain circumstances, the Loans may be prepaid at its principal amount, together with accrued interest, at our option upon our company being required to increase the amount payable or to pay additional amounts on account of Russian or Irish taxes under the related Loan Agreement or required to pay additional amounts on account of certain costs incurred by the Issuer. The Issuer may, in its own discretion, require the Loans to be prepaid if it becomes unlawful for the Loans or the related Notes to remain outstanding, as set out in the Loan Agreements. We are required to prepay the Loans in amounts sufficient to permit the Issuer to purchase the Notes validly tendered and not withdrawn. To the extent the Issuer has actually received the relevant funds from our company, the payment amount of the relevant Notes (or in the case of a prepayment for tax reasons or illegality, all outstanding Notes) will be prepaid by the Issuer together with accrued interest and additional amounts, if any.

The Notes are limited recourse obligations, and the Issuer will not have any obligation to the Noteholders other than the obligation to account to the Noteholders for payment of principal and interest received and retained by it under the related Loan Agreement. In the event that the amount due and payable by the Issuer under the Notes exceeds the sums so received and retained or recovered pursuant to the related Loan, the right of any person to claim payment of any amount exceeding such sums shall be extinguished, and Noteholders may take no further action to recover such amounts.

We have agreed and the Noteholders will be deemed to have acknowledged, accepted and agreed that the Issuer is entitled to deduct the Issuer's fees and expenses from any initial and/or future amounts, as the case may be, to be received by our company under the Loan Agreements.

Noteholders of the A Notes will have no claims on the B Loan Agreement or assets securing the B Notes, and Noteholders of the B Notes will have no claims on the A Loan Agreement or assets securing the A Notes.

USE OF PROCEEDS

The Issuer will use the gross proceeds from the offering of the Notes for the sole purpose of financing the Loans to VimpelCom. The fees and expenses associated with the Offer are estimated to be approximately US$7.8 million. We expect the aggregate net proceeds of the Loans to be approximately US$1,492.2 million.

We intend either to use the aggregate net proceeds for our general corporate purposes or to lend all or a portion of the net proceeds to VimpelCom Ltd. or one of its wholly owned subsidiaries to use for its general corporate purposes, which may include (i) funding a portion of the cash consideration to be paid in connection with VimpelCom Ltd.'s acquisition of Wind Telecom or (ii) following the closing of the acquisition of Wind Telecom, refinancing by direct or indirect intercompany loan a portion of the indebtedness associated with Wind Telecom's indirect subsidiary Orascom Telecom, including indebtedness of (a) Weather Capital Special Purpose 1 S.A., which owns Orascom Telecom, (b) Orascom Telecom, (c) Orascom Telecom Oscar S.A., and (d) Orascom Telecom Finance S.C.A. The distribution of all or a portion of the net proceeds of the Loans to VimpelCom Ltd. or one of its wholly owned subsidiaries and any subsequent refinancing as well as its terms depends upon the closing of the acquisition of Wind Telecom, which is subject to the satisfaction of certain conditions precedent.

None of the proceeds from the issuance of the Notes will be used to fund, finance or facilitate any activity, business or transaction that is the subject of a sanctions regime administered or enforced by the U.S. Department of Treasury's OFAC, the UN Security Council, the European Union or other relevant sanctions authorities.

CAPITALIZATION

The following table sets forth our cash and cash equivalents balance and our capitalization as of September 30, 2010, on an actual basis and on an adjusted basis to reflect the granting of the Loans to our company as if the Loans were granted to us on September 30, 2010.

	As of September 30, 2010	
	Actual	**Adjusted**
	(In thousands of U.S. dollars)	
Cash and cash equivalents	1,951,960	3,451,960
Current debt:		
Bank, capital lease and other loans	1,637,265	1,637,265
Total current debt	1,637,265	1,637,265
Long term debt:		
Loans	–	1,500,000
Bank, capital lease and other loans, less current portion	4,360,230	4,360,230
Total long term debt	4,360,230	5,860,230
Total debt	5,997,495	7,497,495
Redeemable non-controlling interest	518,664	518,664
Stockholders' equity:		
Convertible voting preferred stock (0.005 rubles nominal value per share); 10,000,000 shares authorized, 6,426,600 shares issued, outstanding and fully paid	–	–
Common stock (0.005 rubles nominal value per share), 90,000,000 shares authorized, 51,281,022 shares issued, outstanding and fully paid	92	92
Additional paid in capital	1,165,270	1,165,270
Retained earnings	5,243,311	5,243,311
Accumulated other comprehensive loss	(504,716)	(504,716)
Treasury stock, at cost; 11,327,200 shares of common stock	(223,406)	(223,406)
Total VimpelCom stockholders' equity	5,680,551	5,680,551
Non-controlling interest	276,302	276,302
Total equity	5,956,853	5,956,853
Total capitalization	US$11,954,348	US$13,454,348

Other than the changes in certain of our other outstanding indebtedness subsequent to September 30, 2010 described in the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing activities—2010," there have been no material changes to the consolidated capitalization of our company since September 30, 2010.

SELECTED CONSOLIDATED FINANCIAL DATA FOR VIMPELCOM

The following selected consolidated financial data for the five years ended December 31, 2009 are derived from VimpelCom's historical consolidated financial statements. The selected consolidated financial data for the nine-month periods ended September 30, 2010 and 2009 are derived from unaudited financial statements. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which VimpelCom considers necessary for a fair presentation of the financial position and the results of operations for these periods. Operating results for the nine months ended September 30, 2010 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2010. The data should be read in conjunction with the consolidated financial statements, related notes and other financial information included herein and the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Nine months ended September 30,		Years ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
	(In thousands of U.S. dollars)						
Operating revenues:							
Service revenues	US$6,979,602	US$6,298,463	US$ 8,580,815	US$ 9,999,850	US$7,161,833	US$4,847,661	US$3,175,221
Sales of equipment and accessories	104,390	86,998	109,959	107,946	6,519	19,265	30,478
Other revenues	11,779	14,694	19,788	17,190	6,528	2,931	5,419
Total operating revenues	7,095,771	6,400,155	8,710,562	10,124,986	7,174,880	4,869,857	3,211,118
Revenue based taxes	–	(5,839)	(7,660)	(8,054)	(3,782)	(1,879)	–
Net operating revenues	7,095,771	6,394,316	8,702,902	10,116,932	7,171,098	4,867,978	3,211,118
Operating expenses:							
Service costs	1,590,661	1,370,952	1,878,443	2,262,570	1,309,287	872,388	514,124
Cost of equipment and accessories	115,637	85,564	110,677	101,282	5,827	18,344	28,294
Selling, general and administrative expenses	2,019,235	1,710,198	2,389,998	2,838,508	2,206,322	1,503,615	1,085,807
Depreciation	1,038,208	1,000,201	1,393,431	1,520,184	1,171,834	874,618	451,152
Amortization	206,377	213,947	300,736	360,980	218,719	179,846	142,126
Impairment loss	–	–	–	442,747	–	–	–
Provision for doubtful accounts	39,769	42,974	51,262	54,711	52,919	21,848	11,583
Total operating expenses	5,009,887	4,423,836	6,124,547	7,580,982	4,964,908	3,470,659	2,233,086
Operating income	2,085,884	1,970,480	2,578,355	2,535,950	2,206,190	1,397,319	978,032
Other income and expenses:							
Interest income	32,534	41,310	51,714	71,618	33,021	15,471	8,658
Net foreign exchange (loss) gain	(5,170)	(397,191)	(411,300)	(1,142,276)	72,955	24,596	7,041
Interest expense	(393,982)	(434,802)	(598,531)	(495,634)	(194,839)	(186,404)	(147,448)
Equity in net loss of associates	26,505	(25,754)	(35,763)	(61,020)	(211)	–	–
Other (expenses) income, net	(83,535)	(8,124)	(32,114)	(17,404)	3,240	(38,844)	(5,853)
Total other income and expenses	(423,648)	(824,561)	(1,025,994)	(1,644,716)	(85,834)	(185,181)	(137,602)
Income before income taxes and cumulative effect of change in accounting principle	1,662,236	1,145,919	1,552,361	891,234	2,120,356	1,212,138	840,430
Income tax expense	459,729	309,665	435,030	303,934	593,928	390,663	221,901
Income before cumulative effect of change in accounting principle	1,202,507	836,254	1,117,331	587,300	1,526,428	821,475	618,529
Cumulative effect of change in accounting principle	–	–	–	–	–	(1,882)	–
Net income	US$1,202,507	US$ 836,254	US$ 1,117,331	US$ 587,300	US$1,526,428	US$ 819,593	US$ 618,529
Net income attributable to the noncontrolling interest	33,688	(2,136)	(4,499)	62,966	63,722	8,104	3,398
Net income attributable to VimpelCom	US$1,168,819	US$ 838,390	US$ 1,121,830	US$ 524,334	US$1,462,706	US$ 811,489	US$ 615,131

	At September 30,	At December 31,				
	2010	2009	2008	2007	2006	2005
		(In thousands of U.S. dollars)				
Consolidated balance sheets data:						
Cash and cash equivalents	US$ 1,951,960	US$ 1,446,949	US$ 914,683	US$ 1,003,711	US$ 344,494	US$ 363,646
Working capital (deficit)[(1)]	(204,701)	(447,742)	(1,407,795)	(272,784)	(487,420)	(457,927)
Property and equipment, net	5,562,015	5,561,569	6,425,873	5,497,819	4,615,675	3,211,112
Telecommunications licenses, goodwill and other intangible assets, net	4,586,710	4,527,255	5,124,555	2,217,529	1,957,949	1,500,799
Total assets	14,832,041	14,732,541	15,725,153	10,568,884	8,436,546	6,307,036
Total debt, including current portion[(2)]	5,997,495	7,353,047	8,442,926	2,766,609	2,489,432	1,998,166
Total liabilities	8,356,524	9,715,364	11,115,307	4,868,688	4,235,777	3,377,861
Redeemable noncontrolling interest	518,664	508,668	469,604	–	–	–
Total equity	US$ 5,956,853	US$ 4,508,509	US$ 4,140,242	US$ 5,700,196	US$4,200,769	US$2,929,175

(1) Working capital is calculated as current assets less current liabilities.

(2) Includes bank loans, Russian ruble denominated bonds, equipment financing and capital lease obligations for all periods presented. Subsequent to September 30, 2010, there have been additional changes in certain of our outstanding indebtedness. For information regarding these changes, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing activities—2010."

SELECTED OPERATING DATA FOR VIMPELCOM

The following selected operating data as of September 30, 2010 and as of December 31, 2009, 2008, 2007, 2006 and 2005 has been derived from internal company sources and from independent sources that we believe to be reliable. The selected operating data set forth below should be read in conjunction with VimpelCom's consolidated financial statements and their related notes included elsewhere in this prospectus and the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our subscriber data, ARPU and MOU for all periods indicated in the table below and churn figures for the years 2008 and 2009 and the first nine months of 2010 in the table below are reported on the basis of active subscribers.

	As of September 30,	As of December 31,				
	2010	2009	2008	2007	2006	2005
Selected industry operating data:						
Estimated population:[1]						
Russia	140,126,000	140,681,500	142,008,800	142,008,800	145,166,700	145,166,700
Kazakhstan	15,786,000	15,704,000	15,571,500	15,571,500	14,953,000	14,938,400
Ukraine	45,082,750	45,813,764	46,192,300	46,192,300	48,457,000	48,457,000
Tajikistan	7,094,000	7,011,000	7,215,700	7,215,700	–	–
Uzbekistan	28,683,250	28,381,000	27,100,000	27,100,000	–	–
Armenia	2,986,250	2,990,000	3,230,100	3,230,100	–	–
Georgia	4,295,250	4,318,000	4,500,000	4,500,000	–	–
Kyrgyzstan	5,511,250	–	–	–	–	–
Cambodia	15,294,750	15,097,000	–	–	–	–
Estimated mobile subscribers:[2]						
Russia	217,908,480	209,206,000	187,830,000	172,870,000	151,920,000	125,760,000
Kazakhstan	16,590,600	16,581,000	14,437,927	12,692,511	–	–
Ukraine	50,587,800	55,251,400	55,793,102	55,596,318	49,219,900	30,205,100
Tajikistan	5,214,090	4,334,900	3,428,061	2,131,103	–	–
Uzbekistan	19,074,750	16,569,900	12,276,098	5,931,796	–	–
Armenia	3,077,000	2,616,700	2,561,280	1,868,571	–	–
Georgia	4,168,100	3,894,800	3,757,055	2,690,405	–	–
Kyrgyzstan	4,703,900	–	–	–	–	–
Cambodia	8,161,670	5,477,100	–	–	–	–
Mobile penetration rate:[3]						
Russia	155.5%	148.7%	132.3%	121.7%	104.6%	86.6%
Kazakhstan	105.1%	105.6%	92.7%	81.5%	–	–
Ukraine	112.2%	120.6%	120.8%	120.4%	103.4%	63.8%
Tajikistan	73.5%	61.8%	47.5%	29.5%	–	–
Uzbekistan	66.5%	58.4%	45.3%	21.9%	–	–
Armenia	103.0%	87.5%	79.3%	57.8%	–	–
Georgia	97.0%	90.2%	83.5%	59.8%	–	–
Kyrgyzstan	85.4%	–	–	–	–	–
Cambodia	53.4%	36.3%	–	–	–	–
Selected company operating data:						
End of period mobile subscribers:						
Russia	51,614,769	50,886,127	47,676,844	42,221,252	39,782,690	35,936,356
Kazakhstan	6,736,121	6,135,275	6,269,927	4,603,300	3,052,878	1,813,938
Ukraine	2,471,802	2,004,729	2,052,493	1,941,251	1,523,682	249,189
Tajikistan	772,119	743,140	624,624	339,393	72,028	–
Uzbekistan	4,398,048	3,514,516	3,636,243	2,119,612	700,470	–
Armenia	580,916	545,201	544,271	442,484	415,965	–
Georgia	529,299	399,161	225,055	72,655	–	–
Kyrgyzstan	1,765,630	–	–	–	–	–
Cambodia	505,067	367,474	–	–	–	–
Total mobile subscribers	**69,373,771**	**64,595,623**	**61,029,457**	**51,739,947**	**45,547,713**	**37,999,483**
MOU[4]						
Russia	215.2	211.4	219.1	192.1	145.9	120.4
Kazakhstan	119.5	93.1	104.3	94.6	70.4	55.3
Ukraine	191.4	208.7	231.8	163.2	149.7	36.2
Tajikistan	172.1	172.9	238.9	220.6	121.1	–
Uzbekistan	380.6	314.0	287.8	274.0	320.5	–
Armenia	300.6	237.8	152.1	169.9	178.0	–
Georgia	138.3	138.3	113.6	102.5	–	–
Kyrgyzstan	238.8	–	–	–	–	–
Cambodia	305.1	78.2	–	–	–	–
ARPU[5]						
Russia	US$ 10.8	US$ 10.1	US$ 13.9	US$ 12.6	US$ 9.6	US$ 8.5
Kazakhstan	US$ 9.2	US$ 8.1	US$ 11.7	US$ 13.1	US$ 12.6	US$ 11.3
Ukraine	US$ 4.4	US$ 4.7	US$ 7.6	US$ 4.7	US$ 5.0	US$ 4.3
Tajikistan	US$ 6.2	US$ 7.1	US$ 9.5	US$ 9.7	US$ 6.8	–
Uzbekistan	US$ 4.1	US$ 4.7	US$ 6.4	US$ 7.1	US$ 11.9	–
Armenia	US$ 10.4	US$ 13.2	US$ 14.6	US$ 16.7	US$ 17.0	–
Georgia	US$ 8.1	US$ 8.9	US$ 9.0	US$ 7.4	–	–
Kyrgyzstan	US$ 5.2	–	–	–	–	–
Cambodia	US$ 3.4	US$ 1.4	–	–	–	–
Churn rate[6]						
Russia	35.6%	42.8%	34.6%	32.9%	35.4%	30.4%
Kazakhstan	29.1%	46.3%	31.5%	23.5%	32.8%	30.3%
Ukraine	51.1%	81.0%	84.0%	61.8%	18.6%	–
Tajikistan	59.3%	52.9%	42.8%	4.6%	95.1%	–
Uzbekistan	30.0%	63.7%	55.6%	61.7%	44.9%	–
Armenia	46.1%	58.6%	106.2%	49.7%	9.1%	–
Georgia	34.6%	46.6%	47.2%	1.0%	–	–

	As of September 30,	As of December 31,				
	2010	2009	2008	2007	2006	2005
Kyrgyzstan	49.9%	–	–	–	–	–
Cambodia	132.8%	n/a	–	–	–	–
Number of GSM base stations[7]:						
Russia	31,177	28,718	26,633	22,088	19,241	15,659
Kazakhstan	3,272	3,191	3,119	2,291	1,791	1,126
Ukraine	3,020	3,039	3,015	2,294	1,653	596
Tajikistan	604	523	494	326	107	6
Uzbekistan	1,773	1,625	1,573	928	626	–
Armenia	670	518	503	379	205	–
Georgia	707	609	514	215	–	–
Kyrgyzstan	853	–	–	–	–	–
Cambodia	867	552	–	–	–	–
End of period broadband subscribers[8]:						
Russia	2,757,306	2,110,881	1,181,916	–	–	–
Ukraine	213,750	109,345	24,147	–	–	–
Kazakhstan	6,191	1,342	154	–	–	–
Uzbekistan	23,258	9,029	5,766	–	–	–
Armenia	65,199	26,196	9,234	–	–	–
Total broadband subscribers	3,065,704	2,256,793	1,221,217	–	–	–

(1) Estimated population statistics for the first nine months of 2010 were provided by Informa Telecoms & Media (©2011 Informa Telecoms & Media). Estimated population statistics for the year 2009 were provided by Informa Telecoms & Media (©2010 Informa Telecoms & Media),except for the statistics on Ukraine, which were provided by AC&M. Estimated population statistics for the years 2007 and 2008 for all countries were published by the Interstate Statistical Committee of the CIS. For the years 2005 and 2006, estimated population statistics for Russia were published by the Federal State Statistics Service (Goskomstat) of Russia; estimated population statistics for Kazakhstan were published by the Statistics Agency of Kazakhstan; and estimated population statistics for Ukraine were published by Goskomstat of Ukraine.

(2) Estimated mobile subscriber statistics by country for the first nine months of 2010 were provided by Informa Telecoms & Media (©2011 Informa Telecoms & Media). Estimated mobile subscriber statistics by country for the year 2009 were provided by Informa Telecoms & Media (©2010 Informa Telecoms & Media), except for the statistics on Ukraine, which were provided by AC&M. For the years 2007 and 2008, estimated mobile subscriber statistics for all countries were provided by AC&M, a management consulting and research agency specializing in the telecommunications industry in Russia and the CIS. For the years 2005 and 2006, estimated registered mobile subscriber statistics for Russia and Ukraine were published by AC&M.

(3) Estimated mobile penetration rate statistics for the first nine months of 2010 were provided by Informa Telecoms & Media (©2011 Informa Telecoms & Media). Estimated mobile penetration rate statistics for the year 2009 were provided by Informa Telecoms & Media (©2010 Informa Telecoms & Media), except for the statistics on Ukraine, which were provided by AC&M. For the years 2005 and 2006, penetration rates for Russia and Ukraine are based on data provided by AC&M. Penetration rates for all other countries and all other years are calculated by dividing the total estimated number of mobile subscribers in each relevant area (see Note (2)) by the total estimated population in such area (see Note (1)) as of the end of the relevant period.

(4) MOU is calculated by dividing the total number of minutes of usage for incoming and outgoing calls during the relevant period (excluding guest roamers) by the average number of mobile subscribers during the period and dividing by the number of months in that period.

(5) ARPU is calculated by dividing our mobile service revenue during the relevant period, including roaming revenue and interconnect revenue, but excluding revenue from connection fees, sales of handsets and accessories and other non-service revenue, by the average number of our mobile subscribers during the period and dividing by the number of months in that period.

(6) Churn rate for the first nine months of 2010 and the years 2009 and 2008 is based on active subscribers, while churn for previous years was reported on the basis of registered subscribers. We define churn rate of mobile subscribers as the total number of churned mobile subscribers over the reported period expressed as a percentage of the average of our mobile subscriber base at the starting date and at the ending date of the period. The total number of churned mobile subscribers is calculated as the difference between the number of new subscribers who engaged in a revenue generating activity in the reported period and the change in the mobile subscriber base between the starting date and the ending date of the reported period. Migration between prepaid and contract forms of payment and between tariff plans may technically be recorded as churn, which contributes to our churn rate even though we do not lose those subscribers. For previous periods we defined our churn rate of registered subscribers as the total number of registered subscribers disconnected from our network within a given period expressed as a percentage of the midpoint of registered subscribers in our network at the beginning and end of that period. Contract subscribers were disconnected if they had not paid their bills for up to two months. Prepaid subscribers were disconnected in two cases: (1) an account had been blocked after the balance drops to US$0 or below for up to six months or (2) an account showed no chargeable transaction for up to ten months. The exact number of months prior to disconnection varied by country and depended on the legislation and market specifics. Migration between prepaid and contract forms of payment was technically recorded as churn, which contributed to our churn rate even though we did not lose those subscribers. Similarly, prepaid customers who changed tariff plans by purchasing a new SIM card with our company were also counted as churn. Policies regarding the calculation of churn differ among operators.

(7) Including 3G base stations.

(8) Broadband subscribers are those subscribers in the registered subscriber base who were a party to a revenue generating activity in the past three months. Such activities include monthly Internet access using fiber-to-the-building, or FTTB, xDSL and WiFi technologies as well as mobile home Internet service via USB modems.

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

The following discussion and analysis should be read in conjunction with our consolidated financial statements and their related notes included elsewhere in this prospectus. This discussion contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward looking statements as a result of numerous factors, including the risks discussed in the section of this prospectus entitled "Risk Factors" and elsewhere in this prospectus.

Overview

We are a telecommunications operator, providing voice and data services through a range of mobile, fixed and broadband technologies. The VimpelCom group of companies includes companies operating in Russia, Kazakhstan, Ukraine, Uzbekistan, Armenia, Tajikistan, Georgia, Kyrgyzstan and in the Kingdom of Cambodia. We also own 40.0% of an operator in the Socialist Republic of Vietnam. The operations of these companies cover a territory with a total population of approximately 345.0 million. On August 6, 2010, as a result of the VimpelCom Ltd. Transaction, we became a wholly owned subsidiary of VimpelCom Ltd.

Our net operating revenues were US$7,095.8 million for the nine months ended September 30, 2010, compared to US$6,394.3 million for the nine months ended September 30, 2009. Our operating income was US$2,085.9 million for the nine months ended September 30, 2010, compared to US$1,970.5 million for the nine months ended September 30, 2009. Net income attributable to VimpelCom was US$1,168.8 million for the nine months ended September 30, 2010, compared to US$838.4 million for the nine months ended September 30, 2009.

In October 2009, Telenor ASA, the parent company of Telenor, and Altimo, a member of Alfa Group and the parent company of Eco Telecom, announced that they agreed to combine their ownership of our company and Kyivstar, under a new company called VimpelCom Ltd. Kyivstar is a Ukrainian mobile operator, 56.5% of which was owned by a subsidiary of Telenor ASA and 43.5% of which was owned by a subsidiary of Altimo. The combination involved a series of transactions, including exchange offers by VimpelCom Ltd. to all holders of our common shares and ADSs. On April 21, 2010, the transactions were completed and VimpelCom Ltd. acquired approximately 98.0% of our outstanding shares. On May 14, 2010, our ADSs were delisted from the NYSE, and on June 2, 2010, our shares were excluded from the list of traded securities at the Russian Trading System.

All of our shares and ADSs not tendered to VimpelCom Ltd. in the VimpelCom Ltd. Exchange Offers were subject to a mandatory squeeze-out procedure under Russian law. On May 25, 2010, VimpelCom Ltd. commenced the mandatory squeeze-out procedure to acquire all of our remaining shares, including those represented by ADSs, for a cash payment of RUB 11,800 per share (which was equal to approximately US$382.18 per share at the exchange rate as of May 25, 2010). The squeeze-out price was determined as the market value of our shares as of February 28, 2010, by an independent Russian appraiser in accordance with Russian law. The appraisal was supplemented with a value analysis by ZAO Deloitte and Touche CIS. On August 6, 2010, VimpelCom Ltd. completed the acquisition of all of our shares, including those represented by ADSs, from our remaining minority shareholders by way of the mandatory squeeze-out, making us a wholly owned subsidiary of VimpelCom Ltd.

We use the U.S. dollar as our reporting currency. The functional currency of VimpelCom and its subsidiaries is the Russian ruble in Russia, the Kazakh tenge in the Republic of Kazakhstan, the Ukrainian hryvnia in Ukraine, the Armenian dram in the Republic of Armenia, the Georgian lari in Georgia, Kyrgyz som in Kyrgyzstan and the U.S. dollar in Tajikistan, Uzbekistan and Cambodia. Due to the significant fluctuation of the non-U.S. dollar functional currencies against the U.S. dollar in the periods covered by this discussion and analysis, changes in our consolidated operating results in functional currencies differed from changes in our operating results in reporting currencies during some of these periods. In the following discussion and analysis, we have indicated our operating results in functional currencies and the devaluation or appreciation of functional currencies where it is material to explaining our operating results. For more information about exchange rates relating to our functional currencies, see "—Certain Factors Affecting our Financial Position and Results of Operations—Foreign Currency Translation" below.

Reportable Segments

We present our reportable segments based on the nature of business operations, different economic environments and stages of development in different strategic areas, requiring different investment and marketing strategies. In 2010, primarily due to our acquisition by VimpelCom Ltd. and in connection with our consolidation into

the VimpelCom Ltd. group, our management identified seven reporting segments: Russia mobile, Russia fixed, CIS mobile, CIS fixed, Ukraine mobile, Ukraine fixed and Asia mobile. Russia mobile includes the operating results of all mobile operations in Russia. Russia fixed includes wireline telecommunication services, broadband and consumer Internet in Russia. CIS mobile includes the operating results of all mobile operations in Kazakhstan, Tajikistan, Uzbekistan, Georgia, Armenia and Kyrgyzstan. Although Georgia is no longer a member of the CIS, consistent with our historic reporting practice, we continue to include Georgia in our CIS mobile reporting segment. CIS fixed includes fixed-line operations and residential Internet in Kazakhstan, Armenia and Uzbekistan. Ukraine mobile and Ukraine fixed segments include the operating results of our subsidiaries in Ukraine, Closed Joint Stock Company "Ukrainian Radio Systems," or URS, and Golden Telecom LLC. Asia mobile segment includes the operating results of our subsidiary in Cambodia and our equity in net results of GTEL-Mobile, our equity investee in Vietnam. The segment information for prior periods was adjusted to reflect the changes to segment reporting made in 2010. For more information on our reportable segments, please see Note 8 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

Because our operations in the fixed-line business were not significant prior to our acquisition of Golden Telecom in 2008, this discussion and analysis does not include information for our Russia fixed and Ukraine fixed segments in 2007. This discussion and analysis also does not include information for our Asia mobile segment in 2007 and 2008 because we launched operations in Cambodia in 2009 and it does not include information on our operations in Kyrgyzstan for periods prior to January 1, 2010, the date on which we began to consolidate our Kyrgyz subsidiary.

Factors Affecting Comparability of Prior Periods

Our selected financial data, unaudited condensed consolidated financial statements and related notes included elsewhere in this prospectus, audited consolidated financial statements and related notes included elsewhere in this prospectus and the following discussion and analysis reflect the contribution of the operators we acquired from their respective dates of acquisition, and, as a result, include results for our consolidated subsidiaries Corporation Severnaya Korona since August 13, 2007, Golden Telecom since February 28, 2008, and Sotelco, our subsidiary in Cambodia, since July 16, 2008, as well as other income and expenses for our equity-method associate in Vietnam, GTEL-Mobile, since July 8, 2008, and our equity-method associate Morefront Holdings Ltd., which owns 100.0% of Euroset, since October 23, 2008. We have also consolidated Sky Mobile as a variable interest entity since January 1, 2010 due to the adoption of a new accounting standard which resulted in our determination that we were the primary beneficiary of Sky Mobile. For more information, see "—Liquidity and Capital Resources—Investing Activities" and "—Recent Developments and Trends" below. The following table shows the percentage of our net operating revenue represented by the net operating revenues from external customers (excluding intersegment revenues) for each reportable segment for the periods indicated:

	Nine months ended September 30,		Year ended December 31,		
	2010	2009	2009	2008[1]	2007
			(In %)		
Russia mobile	71.4	70.4	70.7	72.8	84.9
Russia fixed	13.6	14.5	14.5	12.2	–
CIS mobile	12.0	11.6	11.4	11.0	11.6
CIS fixed	1.1	1.4	1.4	1.5	2.0
Ukraine mobile	1.1	1.3	1.2	1.8	1.5
Ukraine fixed	0.6	0.7	0.7	0.7	–
Asia mobile	0.2	0.1	0.1	–	–
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Includes results of Golden Telecom's fixed-line business from March 1, 2008. Prior to such acquisition, we did not have any material fixed-line operations in Russia.

Recent Developments and Trends

The mobile markets in Russia, Ukraine, Kazakhstan and Armenia have reached mobile penetration rates exceeding 100.0% in each market, and the mobile markets in each of Kyrgyzstan and Georgia have mobile penetration rates of approximately 85.0% and 97.0%, respectively. As a result, we will focus less on subscriber market share growth and more on revenue market share growth in each of these markets. The key components of our

growth strategy in these markets will be to increase our share of the high value subscriber market, increase usage of value added services and improve subscriber loyalty. Our management expects revenue growth in these markets to come primarily from an increase in usage of voice and data traffic among our subscribers.

The remaining mobile markets in which we operate, particularly Uzbekistan, Tajikistan and Cambodia, are still in a phase of rapid subscriber growth with penetration rates substantially lower than in Russia, Ukraine, Kazakhstan and Armenia. In these markets, our management expects revenue growth to come primarily from subscriber growth in the short term and increasing usage of voice and data traffic in the longer term.

Our management expects revenue growth in our mobile business to come primarily from data services and in our fixed-line business from broadband and business and corporate services.

The integration of Kyivstar's operations and our company's Ukrainian operations was one of the primary reasons for the VimpelCom Ltd. Transaction. VimpelCom Ltd. expects integration to give rise to synergies that will give it savings on operating and capital expenditures as well as additional revenue for the combined entity. The combination of network operations and unification of market strategy will be the key sources of these synergies. The integration process was delayed following completion of the VimpelCom Ltd. Transaction in April 2010 because the Ukrainian anti-monopoly commission suspended its March 2010 approval of VimpelCom Ltd.'s acquisition of Kyivstar and our company in order to reconsider its earlier approval. In October 2010, VimpelCom Ltd. received final approval from the Ukrainian anti-monopoly commission and commenced integration of Kyivstar and URS. At present, our mobile and fixed business in Ukraine together with Kyivstar operate as a single business unit of VimpelCom Ltd. We expect that full integration of network operations and business support functions will be completed by 2013. As a result, we expect that the contribution to our results of operations from our Ukrainian operations will decline during the integration period.

On October 4, 2010, our indirect parent VimpelCom Ltd. announced that it signed an agreement with the investors in Wind Telecom S.p.A. pursuant to which VimpelCom Ltd. would acquire Wind Telecom, which until December 30, 2010, was known as Weather Investments S.p.A., in the Weather Transaction. The October 4, 2010 agreement was subject to further approval of VimpelCom Ltd.'s supervisory board. On December 20, 2010, VimpelCom Ltd.'s supervisory board announced that it approved the Weather Transaction but it did not take a decision on certain shareholder-related issues due to Telenor's publicly stated position that, in its capacity as a shareholder of VimpelCom Ltd., it did not support the Weather Transaction. For information about Telenor's opposition to the Weather Transaction, see the section of this prospectus entitled "Risk Factors—VimpelCom Ltd.'s two largest shareholders have been involved in various disputes and litigation for the past five years which, if resumed, could lead to a further deterioration in their relationship that could have a material adverse effect on our business, financial condition, results of operations and prospects and which could subject us to further claims."

On January 17, 2011, VimpelCom Ltd.'s supervisory board announced that on January 16, 2011, it gave its final approval for the Weather Transaction, and the parties entered into a new agreement reflecting negotiations that followed the December 20, 2010, supervisory board approval. Under the new agreement, Wind Telecom shareholders will contribute to VimpelCom Ltd. their shares in Wind Telecom in exchange for consideration consisting of a 20.0% economic interest and a 30.6% voting interest in the enlarged VimpelCom Ltd. group and US$1,495.0 million in cash. The newly-issued convertible preferred shares will have the same rights as the existing convertible preferred shares. Upon closing of the Weather Transaction, VimpelCom Ltd. will own, through Wind Telecom, 51.7% of Orascom Telecom and 100.0% of Wind Telecomunicazioni S.p.A., or Wind Italy. At or shortly after the closing of the Weather Transaction, Wind Telecom's interests in certain assets, which principally comprise Orascom Telecom's investments in Egypt and North Korea and certain non-core Wind Italy assets, will be transferred to the Wind Telecom shareholders, or if such transfers cannot be effected VimpelCom Ltd. will pay additional consideration to the Wind Telecom shareholders. Wind Hellas Telecommunications S.A., Wind Telecom's subsidiary in Greece, is entirely excluded from the Weather Transaction. The Weather Transaction is subject to conditions precedent, including approval of the VimpelCom Ltd. shareholders at a special general meeting which has been scheduled for March 17, 2011.

We are assisting VimpelCom Ltd. in raising funds for use in its proposed acquisition of Wind Telecom, as described in the section of this prospectus entitled "Use of Proceeds" and in "Risk Factors — Risks Related to Our Business — Substantial leverage and debt service obligations may materially adversely affect our cash flow." To this end, we have signed a mandate letter for the Bridge Financing in a principal amount up to US$4,000.0 million and may obtain the Russian Bank Financing in an amount of up to US$2,500.0 million. We anticipate that approximately US$5,000.0 million in financing will be required for the Weather Transaction, plus potentially additional amounts of up to US$770.0 million if the transfer of certain Wind Telecom assets to Wind Telecom

shareholders, at or after the closing of the Weather Transaction, cannot be effected. Accordingly, we anticipate that the Bridge Financing and the Russian Bank Financing may ultimately be in amounts less than their stated maximum amounts. VimpelCom Ltd. will determine the amounts to be financed from each of these two sources. If the acquisition of Wind Telecom is not completed, then we anticipate that there will be no borrowing under either the Bridge Financing or the Russian Bank Financing. For information about the risks arising from our company providing financing for use by VimpelCom Ltd., see the section of this prospectus entitled "Risk Factors—Substantial leverage and debt service obligations may materially adversely affect our cash flow."

We expect that our borrowings or guarantees in connection with the Weather Transaction could materially affect our future financial condition and results of our operations by, among other things, increasing our interest expenses and total debt.

Certain Performance Indicators

The following discussion analyzes certain operating data, such as mobile and broadband subscriber data, mobile ARPU, mobile MOU, and churn rates of our mobile subscribers that are not included in our financial statements. We provide this operating data because it is regularly reviewed by our management and our management believes it is useful in evaluating our performance from period to period as set out below. As the Russia and CIS mobile segments represent such a large portion of our consolidated net operating revenues and as broadband growth is an important aspect of our growth strategy, our management believes that presenting such information about mobile and broadband subscriber data and mobile ARPU and mobile MOU is useful in assessing the usage and acceptance of our mobile and broadband products and services, and that presenting our mobile churn rate is useful in assessing our ability to retain mobile subscribers.

Mobile Subscriber Data

We offer both contract and prepaid services to mobile subscribers. As of September 30, 2010, the number of mobile subscribers reached 69.4 million. Mobile subscribers are subscribers in the registered subscriber base as of a measurement date who engaged in a revenue generating activity at any time during the three months prior to the measurement date. Such activity includes any incoming and outgoing calls, subscriber fee accruals, debits related to service, outgoing SMS, MMS, data transmission and receipt sessions, but does not include incoming SMS and MMS sent by us or abandoned calls. Our total number of mobile subscribers also includes subscribers using mobile Internet service via USB modems.

The following table indicates our mobile subscriber figures, as well as our prepaid mobile subscribers as a percentage of our total mobile subscriber base, for the periods indicated:

	As of September 30,		As of December 31,		
	2010	**2009**	**2009**	**2008**	**2007**
Russia	51,614,769	51,028,450	50,886,127	47,676,844	42,221,252
Kazakhstan	6,736,121	6,835,087	6,135,275	6,269,927	4,663,300
Ukraine	2,471,802	2,198,921	2,004,729	2,052,493	1,941,251
Tajikistan	772,119	705,618	743,140	624,624	339,393
Uzbekistan	4,398,048	3,651,833	3,514,516	3,636,243	2,119,612
Armenia	580,916	502,083	545,201	544,271	442,484
Georgia	529,299	340,568	399,161	225,055	72,655
Kyrgyzstan	1,765,630	–	–	–	–
Cambodia	505,067	95,000	367,474	–	–
Total number of subscribers	**69,373,771**	**65,357,560**	**64,595,623**	**61,029,457**	**51,739,947**
Percentage of prepaid subscribers	95.6%	96.1%	96.0%	95.9%	95.9%

Russia. As of September 30, 2010, we had approximately 51.6 million mobile subscribers in Russia, representing an increase of 1.1% over approximately 51.0 million mobile subscribers as of September 30, 2009. Our subscriber growth in Russia came primarily from the growth of our Moscow subscriber base, which increased from 10.8 million as of September 30, 2009 to 12.2 million as of September 30, 2010. This growth was partially offset by a decrease in our subscriber base in the regions outside the Moscow license area from 40.2 million as of September 30, 2009 to 39.4 million as of September 30, 2010. The decrease of mobile subscribers in Russian regions was primarily due to increased price competition.

Kazakhstan As of September 30, 2010, we had approximately 6.7 million mobile subscribers in Kazakhstan, representing a decrease of 1.4% from approximately 6.8 million mobile subscribers as of September 30, 2009. The decrease in our subscriber base in Kazakhstan was primarily due to relatively high churn of low quality subscribers in the fourth quarter of 2009, partially offset by acquisition of higher quality subscribers in the first nine months of 2009.

Ukraine. As of September 30, 2010, we had approximately 2.5 million mobile subscribers in Ukraine, representing an increase of 12.4% from approximately 2.2 million mobile subscribers as of September, 30, 2009. The increase in our subscriber base in Ukraine was primarily due to a promotional tariff plan and competitive prices which increased our summer-season activations.

Tajikistan. As of September 30, 2010, we had approximately 0.8 million mobile subscribers in Tajikistan, representing an increase of 9.3% over approximately 0.7 million mobile subscribers as of September 30, 2009. The increase in our subscriber base in Tajikistan was primarily due to the expansion of our mobile network coverage and introduction of attractive tariff offers at competitive prices.

Uzbekistan. As of September 30, 2010, we had approximately 4.4 million mobile subscribers in Uzbekistan, representing an increase of 20.4% from approximately 3.7 million mobile subscribers as of September 30, 2009. The increase in our subscriber base in Uzbekistan was primarily due to introduction of attractive tariff offers at competitive prices.

Armenia. As of September 30, 2010 we had approximately 0.6 million mobile subscribers in Armenia, representing an increase of 15.7% from approximately 0.5 million mobile subscribers as of September 30, 2009, primarily due to introduction of attractive tariff offers at competitive prices.

Georgia. As of September 30, 2010, we had approximately 0.5 million mobile subscribers in Georgia, representing an increase of 55.1% over the approximately 0.3 million mobile subscribers as of September 30, 2009. We are continuing to build our network and develop our sales and distributions channels in Georgia.

Kyrgyzstan. As of September 30, 2010 we had approximately 1.8 million mobile subscribers. We are continuing to build our networks in Kyrgyzstan.

Cambodia. We launched commercial operations in Cambodia in May 2009 and as of September 30, 2010, we had approximately 0.5 million mobile subscribers compared to approximately 0.1 million mobile subscribers as of September 30, 2009. We are continuing to build our network and develop our sales and distributions channels in Cambodia.

Mobile MOU

MOU measures the monthly average minutes of voice service use per mobile subscriber. We calculate MOU by dividing the total number of minutes of usage for incoming and outgoing calls during the relevant period (excluding guest roamers) by the average number of mobile subscribers during the period and dividing by the number of months in that period.

The following table shows MOU for our mobile subscribers for the periods indicated:

	Nine months ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
Russia	215.2	209.4	211.4	219.1	192.1
Kazakhstan	119.5	90.1	93.1	104.3	94.6
Ukraine	191.4	211.3	208.7	231.8	163.2
Tajikistan	172.1	172.6	172.9	238.9	220.6
Uzbekistan	380.6	290.4	314.0	287.8	274.0
Armenia	300.6	227.0	237.8	152.1	169.9
Georgia	138.3	124.8	138.3	113.6	102.5
Kyrgyzstan	238.8	–	–	–	–
Cambodia[(1)]	305.1	–	78.2	–	–

(1) Includes results of Sotelco from launch of operations in May 2009.

Russia. In the first nine months of 2010, our MOU in Russia increased by 2.8% to 215.2 from 209.4 in the first nine months of 2009, primarily due to improved economic conditions that resulted in higher consumer spending and higher usage by newly connected subscribers.

Kazakhstan. In the first nine months of 2010, our MOU in Kazakhstan increased by 32.6% to 119.5 from 90.1 in 2009, primarily due to introduction of attractive tariff plans at competitive prices and our loyalty program.

Ukraine. In the first nine months of 2010, our MOU in Ukraine decreased by 9.4% to 191.4 from 211.3 in the first nine months of 2009, mainly due to a reduction in marketing activity due to the planned integration of the URS and Kyivstar businesses and overall stagnation of the mobile market.

Tajikistan. In the first nine months of 2010 and 2009, our MOU in Tajikistan was 172.1 and 172.6, respectively. We maintained our MOU level during these periods primarily due to introduction of attractive tariff plans at competitive prices.

Uzbekistan. In the first nine months of 2010, our MOU in Uzbekistan increased by 31.1% to 380.6 from 290.4 in the first nine months of 2009, primarily due to the launch of tariff plans designed to increase usage.

Armenia. In the first nine months of 2010, our MOU in Armenia increased by 32.4% to 300.6 from 227.0 in the first nine months of 2009, primarily due to our launch of tariff plans designed to increase usage and an increase in the proportion of higher usage subscribers relative to low usage subscribers in our subscriber base.

Georgia. In the first nine months of 2010, our MOU in Georgia increased by 10.8% to 138.3 from 124.8 in the first nine months of 2009, primarily due to the continuing expansion of mobile network coverage, the improvement of our network quality and introduction of attractive tariff offers.

Kyrgyzstan. In 2010, our MOU in Kyrgyzstan was 238.8 primarily due to introduction of an attractive tariff plan at competitive prices.

Cambodia. We launched commercial operations in Cambodia in May 2009. For the first nine months of 2010, our MOU was 305.1, primarily due to promotional tariffs and a focus on acquiring higher usage subscriber.

Mobile ARPU

ARPU measures the monthly average revenue per user. We calculate ARPU by dividing our mobile service revenue during the relevant period, including roaming revenue and interconnect revenue, but excluding revenue from connection fees, sales of handsets and accessories and other non-service revenue, by the average number of our mobile subscribers during the period and dividing by the number of months in that period. ARPU includes data services and this is what management looks at for performance in data services.

The following table shows our ARPU for the periods indicated:

	Nine months ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
Russia	US$10.8	US$ 9.9	US$10.1	US$13.9	US$12.6
Kazakhstan	US$ 9.2	US$ 8.0	US$ 8.1	US$11.7	US$13.1
Ukraine	US$ 4.4	US$ 5.0	US$ 4.7	US$ 7.6	US$ 4.7
Tajikistan	US$ 6.2	US$ 7.0	US$ 7.1	US$ 9.5	US$ 9.7
Uzbekistan	US$ 4.1	US$ 4.8	US$ 4.7	US$ 6.4	US$ 7.1
Armenia	US$10.4	US$13.8	US$13.2	US$14.6	US$16.7
Georgia	US$ 8.1	US$ 8.8	US$ 8.9	US$ 9.0	US$ 7.4
Kyrgyzstan	US$ 5.2	US$ –			
Cambodia[1]	US$ 3.4	US$ –	US$ 1.4	–	–

(1) Includes results of Sotelco from launch of operations in May 2009.

Russia. In the first nine months of 2010, our ARPU in Russia increased by 9.1% to US$10.8 from US$9.9 in the first nine months of 2009, due to the increase in MOU and appreciation of the functional currency. In functional currency terms, ARPU in Russia increased by 2.0% during the first nine months of 2010 compared to the first nine months of 2009.

Kazakhstan. In the first nine months of 2010, our ARPU in Kazakhstan increased by 15.0% to US$9.2 from US$8.0 in the first nine months of 2009, primarily due to the increase in MOU.

Ukraine. In the first nine months of 2010, our ARPU in Ukraine decreased by 13.0% to US$4.4 from US$5.0 in the first nine months of 2009, primarily due to decreased marketing activity due to the planned integration of the URS and Kyivstar businesses.

Tajikistan. In the first nine months of 2010, our ARPU in Tajikistan decreased by 11.4% to US$6.2 from US$7.0 in the first nine months of 2009, primarily due to the introduction of attractive tariff plans at competitive prices.

Uzbekistan. In the first nine months of 2010, our ARPU in Uzbekistan decreased by 14.6% to US$4.1 from US$4.8 in 2009, primarily due to increased price competition and our launch of attractive tariff plans at lower prices which more than offset the increase in ARPU resulting from the overall increase in MOU.

Armenia. In the first nine months of 2010, our ARPU in Armenia decreased by 24.6% to US$10.4 from US$13.8 in the first nine months of 2009, primarily due to lower prices per minute resulting from the introduction of new tariff plans during 2010.

Georgia. In the first nine months of 2010, our ARPU in Georgia decreased by 8.0% to US$8.1 from US$8.8 in the first nine months of 2009, primarily due to the devaluation of the functional currency in Georgia. In functional currency terms, ARPU in Georgia decreased by 2.1% in the first nine months of 2010 compared to the first nine months of 2009 primarily due to the introduction of new tariff plans which more than offset an increase in MOU.

Kyrgyzstan. In the first nine months of 2010, our ARPU in Kyrgyzstan was US$5.2.

Cambodia. In the first nine months of the 2010, our ARPU in Cambodia was US$3.4, primarily due to growth of MOU.

Mobile churn rate

We define our churn rate of mobile subscribers as the total number of churned mobile subscribers over the reported period expressed as a percentage of the average of our mobile subscriber base at the starting date and at the ending date of the period. The total number of churned mobile subscribers is calculated as the difference between the number of new subscribers who engaged in a revenue generating activity in the reported period and the change in the mobile subscriber base between the starting date and the ending date of the reported period. Migration between prepaid and contract forms of payment and between tariff plans may technically be recorded as churn, which contributes to our churn rate even though we do not lose those subscribers. Churn rates have seasonal fluctuations and typically increase in the last quarter of the year due to churn of new subscribers obtained in the summer months of the year.

The following table shows our churn rates for the periods indicated:

	Nine months ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
Russia	35.6%	29.9%	42.8%	34.6%	32.9%
Kazakhstan	29.1%	24.2%	46.3%	31.5%	23.5%
Ukraine	51.1%	51.3%	81.0%	84.0%	61.8%
Tajikistan	59.3%	38.2%	52.9%	42.8%	4.6%
Uzbekistan	30.0%	43.7%	63.7%	55.6%	61.7%
Armenia	46.1%	48.3%	58.6%	1062%	49.7%
Georgia	34.6%	29.7%	46.6%	47.2%	1.0%
Kyrgyzstan	49.9%	–	–	–	–
Cambodia	132.8%	–	–	–	–
Total Churn	**36.6%**	**31.0%**	**45.8%**	**38.2%**	**34.1%**

Russia. In the first nine months of 2010, our churn rate in Russia increased compared to the first nine months of 2009 due to aggressive competition in the mobile market.

Kazakhstan. In the first nine months of 2010, our churn rate in Kazakhstan increased compared to the first nine months of 2009 primarily due to the departure of low quality subscribers.

Ukraine. Our churn rate in Ukraine remained high in the first nine months of 2010 as a significant percentage of our subscriber base consists of summer holiday sales that result in seasonal usage of our services and subsequent churn of these subscribers after the holiday season ends.

Tajikistan. In the first nine months of 2010, our churn rate in Tajikistan increased as compared to the first nine months of 2009 due to aggressive pricing by our competitors and the departure of low quality subscribers.

Uzbekistan. In the first nine months of 2010, our churn rate in Uzbekistan decreased compared to the first nine months of 2009 due to effective churn management.

Armenia. In the first nine months of 2010, our churn rate in Armenia remained high reflecting strong competition in the market.

Georgia. In the first nine months of 2010, our churn rate in Georgia increased due to aggressive pricing by our competitors.

Cambodia. In the first nine months of 2010, our churn rate in Cambodia was high, primarily due to aggressive pricing by our competitors and regulatory issues affecting tariff policy.

Broadband subscribers

As of September 30, 2010, we had approximately 2.8 million broadband subscribers in Russia and 0.1 million broadband subscribers in the CIS, representing an increase of approximately 50.6% over the approximately 1.8 million broadband subscribers in Russia and a significant increase from the approximately 0.03 million broadband subscribers in the CIS as of September 30, 2009. For Ukraine, we had approximately 0.2 million broadband subscribers as of September 30, 2010, which increased from approximately 0.07 million as of September 30, 2009. Broadband subscribers are subscribers in the registered subscriber base who were engaged in a revenue generating activity in the three months prior to the measurement date. Such activity includes monthly Internet access using FTTB, xDSL and WiFi technologies, as well as mobile home Internet service via USB modems.

Revenues

During the nine months ended September 30, 2010, we generated revenues from providing voice, data and other telecommunication services through a range of wireless, fixed and broadband Internet services, as well as selling equipment and accessories. Our primary sources of revenues consisted of:

Service Revenues

Our service revenues included revenues from airtime charges from contract and prepaid subscribers, monthly contract fees, time charges from subscribers online using Internet services, interconnect fees from other mobile and fixed-line operators, roaming charges and charges for value added services such as messaging, data and infotainment. Roaming revenues include both revenues from our customers who roam outside of their home country networks and revenues from other wireless carriers for roaming by their customers on our network. Roaming revenues do not include revenues from our own subscribers roaming while traveling across Russian regions within our network (so called 'intranet roaming').

As a result of a change in our contract terms with most of our content providers for our value added services in the Russia mobile segment, commencing January 1, 2010 revenues from such services are recognized on a gross basis. Previously, the revenues from value added services were recognized net of related commissions paid to the content provider.

Sales of Equipment and Accessories and Other Revenues

We sold mobile handsets, equipment and accessories to our subscribers. Our other revenues included, among other things, rental of base station sites.

Expenses

Operating Expenses

During the nine months ended September 30, 2010, we had two categories of operating expenses directly attributable to our revenues: service costs and the costs of equipment and accessories.

Service Costs. Service costs included interconnection and traffic costs, channel rental costs, telephone line rental costs, roaming expenses and charges for connection to special lines for emergencies. As a result of a change in our contract terms with content providers for our value added services in the Russia mobile segment, as of January 1, 2010 revenues from such services are recognized on a gross basis and the commission paid to the content provider is recognized in service costs. Previously, the revenues from value added services were recognized net of related commissions and the commissions were not recognized in service costs.

Costs of Equipment and Accessories. Our costs of equipment and accessories sold represented the amount that was payable for these goods, net of VAT. We purchased handsets, equipment and accessories from third party manufacturers for resale to our subscribers for use on our networks.

In addition to service costs and the costs of equipment and accessories, during the nine months ended September 30, 2010, our operating expenses included:

Selling, general and administrative expenses. Our selling, general and administrative expenses include:

- dealers' commissions;
- salaries and outsourcing costs, including related social contributions required by law;
- marketing and advertising expenses;
- repair and maintenance expenses;
- rent, including lease payments for base station sites;
- utilities;
- stock price-based compensation expenses; and
- other miscellaneous expenses, such as insurance, operating taxes, license fees, and accounting, audit and legal fees.

Depreciation and amortization expense. We depreciated the capitalized costs of our tangible assets, which consisted mainly of telecommunications equipment and buildings that we owned. We amortized our intangible assets, which consisted primarily of telecommunications licenses, telephone line capacity for local numbers in Russia and the CIS and customer relations acquired in business combinations. We expect depreciation and amortization expense to increase in line with growth of our capital expenditures.

Provision for doubtful accounts. We included in our operating expenses an estimate of the amount of our accounts receivable net of VAT that we believe will ultimately be uncollectible. We based the estimate on historical data and other relevant factors, such as a change in tariff plans from prepaid to postpaid.

In addition to operating expenses, during the nine months ended September 30, 2010, our other significant expenses included:

Net foreign exchange (loss)/gain

The functional currency of VimpelCom and its subsidiaries is the Russian ruble in Russia, the Kazakh tenge in Kazakhstan, the Ukrainian hryvnia in Ukraine, the Armenian dram in Armenia, the Georgian lari in Georgia, and the U.S. dollar in Tajikistan, Uzbekistan, Kyrgyzstan and Cambodia. Monetary assets and liabilities denominated in foreign currencies are translated into our respective functional currencies on the relevant balance sheet date. We record changes in the values of such assets and liabilities as a result of exchange rate changes in our results of operations under the line item net foreign exchange (loss)/gain.

Interest expense

We incurred interest expense on our vendor financing agreements, loans from banks, capital leases and other borrowings. Our interest bearing liabilities carry both fixed and floating interest rates. On our borrowings with a

floating interest rate, the interest rate is linked either to LIBOR or to EURIBOR. Our interest expense depends on a combination of prevailing interest rates and the amount of our outstanding interest bearing liabilities.

Income tax expense

The statutory income tax rate in Russia, Kazakhstan, Armenia and Cambodia in the first nine months of 2010 and 2009 was 20.0%. The statutory income tax rate in Ukraine and Tajikistan was 25.0% in the first nine months of 2010 and 2009. The statutory income tax rate in Georgia was 15.0% in the first nine months of 2010 and 2009. In Uzbekistan there was a complex income tax regime that resulted in an income tax rate of approximately 17.0% in the first nine months of 2010 compared to 18.0% in the first nine months of 2009. The statutory income tax rate in Kyrgyzstan in the first nine months of 2010 was 20.0%. The statutory income tax rates in the respective countries in 2009 and 2008 were the same as those in the first nine months of 2009 except in Russia and Kazakhstan where the rates were 24.0% and 30.0%, respectively, in 2008.

Results of Operations

The table below shows, for the periods indicated, the following consolidated statement of operations data expressed as a percentage of consolidated net operating revenues:

	Nine months ended September 30,		Year ended December 31,		
	2010	**2009**	**2009**	**2008**	**2007**
Operating revenues:					
Service revenues	**98.4%**	98.5%	98.6%	98.8%	99.9%
Sales of equipment and accessories	**1.5%**	1.4%	1.3%	1.1%	0.1%
Other revenues	**0.2%**	0.2%	0.2%	0.2%	0.1%
Total operating revenues	**100.0%**	100.1%	100.1%	100.1%	100.1%
Revenue based tax	**0.0%**	(0.1)%	(0.1)%	(0.1)%	(0.1)%
Net operating revenues	**100.0%**	100.0%	100.0%	100.0%	100.0%
Operating expenses:					
Service costs	**22.4%**	21.4%	21.6%	22.4%	18.3%
Cost of equipment and accessories	**1.6%**	1.3%	1.3%	1.0%	0.1%
Selling, general and administrative expenses	**28.5%**	26.7%	27.5%	28.1%	30.8%
Depreciation	**14.6%**	15.6%	16.0%	15.0%	16.3%
Amortization	**2.9%**	3.3%	3.5%	3.6%	3.1%
Impairment loss	**0.0%**	0.0%	0.0%	4.4%	0.0%
Provision for doubtful accounts	**0.6%**	0.7%	0.6%	0.5%	0.7%
Total operating expenses	**70.6%**	69.2%	70.4%	74.9%	69.2%
Operating income	**29.4%**	30.8%	29.6%	25.1%	30.8%
Other income and expenses:					
Interest income	**0.5%**	0.6%	0.6%	0.7%	0.5%
Net foreign exchange (loss)/gain	**(0.1)%**	(6.2)%	(4.7)%	(11.3)%	1.0%
Interest expense	**(5.6)%**	(6.8)%	(6.9)%	(4.9)%	(2.7)%
Equity in net gain/(loss) of associates	**0.4%**	(0.4)%	(0.4)%	(0.6)%	0.0%
Other (expenses)/income, net	**(1.2)%**	(0.1)%	(0.4)%	(0.2)%	0.0%
Total other income and expenses	**(6.0)%**	(12.9)%	(11.8)%	(16.3)%	(1.2)%
Income before income taxes	**23.4%**	17.9%	17.8%	8.8%	29.6%
Income tax expense	**6.5%**	4.8%	5.0%	3.0%	8.3%
Net income	**16.9%**	13.1%	12.8%	5.8%	21.3%
Net income/(loss) attributable to the noncontrolling interest	**0.5%**	0.0%	(0.1)%	0.6%	0.9%
Net income attributable to VimpelCom	**16.5%**	13.1%	12.9%	5.2%	20.4%

The tables below show for the periods indicated selected information about the results of operations in each of our reportable segments. For more information regarding our segments, see Note 8 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

Russia Mobile

	Nine months ended September 30,			Year ended December 31,					
	2010	2009	% Change	2009	2008	% Change	2008	2007	% Change
				(US$ in millions, except % change)					
Net operating revenues from external customers	5,068.1	4,507.6	12.4	6,165.9	7,357.9	(16.2)	7,357.9	6,090.2	20.8
Intersegment revenues	5.3	2.8	89.0	4.2	3.4	23.5	3.4	3.4	–
Net operating revenues (including intersegment revenues)	**5,073.4**	**4,510.4**	**12.5**	**6,170.1**	**7,361.3**	**(16.2)**	**7,361.3**	**6,093.6**	**20.8**
Depreciation and amortization	762.3	739.2	3.1	1,019.7	1,204.9	(15.4)	1,204.9	1,109.0	8.6
Impairment loss	–	–	n/a	–	22.5	n/a	22.5	–	n/a
Operating income	1,819.0	1,697.7	7.1	2,268.2	2,694.7	(15.8)	2,694.7	1,991.8	35.3
Net income attributable to VimpelCom	**1,212.7**	**767.6**	**58.0**	**1,073.7**	**1,120.6**	**(4. 2)**	**1,120.6**	**1,422.2**	**(21.2)**

Russia Fixed

	Nine months ended September 30,			Year ended December 31,					
	2010	2009	% Change	2009	2008	% Change	2008	2007	% Change
				(US$ in millions, except % change)					
Net operating revenues from external customers	965.3	926.9	4.1	1,257.7	1,239.2	1.5	1,239.2	–	n/a
Intersegment revenues	21.2	14.9	42.5	20.0	18.6	8.0	18.6	–	n/a
Net operating revenues (including intersegment revenues)	**986.5**	**941.8**	**4.7**	**1,277.7**	**1,257.8**	**1.6**	**1,257.8**	–	**n/a**
Depreciation and amortization	171.3	175.8	(2.6)	246.5	219.5	12.3	219.5	–	n/a
Impairment loss	–	–	n/a	–	330.2	n/a	330.2	–	n/a
Operating income/(loss)	110.0	135.1	(18.6)	161.7	(262.2)	(161.7)	(262.2)	–	n/a
Net income/(loss) attributable to VimpelCom	**(28.3)**	**98.8**	**(128.9)**	**117.8**	**(340.2)**	**(134.6)**	**(340.2)**	–	**n/a**

CIS Mobile

	Nine months ended September 30,			Year ended December 31,					
	2010	2009	% Change	2009	2008	% Change	2008	2007	% Change
				(US$ in millions, except % change)					
Net operating revenues from external customers	848.7	739.2	14.8	991.3	1,109.3	(10.6)	1,109.3	832.0	33.3
Intersegment revenues	29.9	14.7	103.0	21.7	7.8	178.0	7.8	4.2	86.7
Net operating revenues (including intersegment revenues)	**878.6**	**753.9**	**16.5**	**1,013.0**	**1,117.1**	**(9.3)**	**1,117.1**	**836.2**	**33.6**
Depreciation and amortization	215.4	190.9	12.8	267.6	281.9	(5.1)	281.9	176.6	59.6
Operating income	217.0	192.6	12.7	244.7	266.2	(8.1)	266.2	241.8	10.1
Net income/(loss) attributable to VimpelCom	**94.4**	**71.9**	**31.2**	**95.8**	**131.1**	**(27.0)**	**131.1**	**90.3**	**45.2**

CIS Fixed

	Nine months ended September 30,			Year ended December 31,					
	2010	2009	% Change	2009	2008	% Change	2008	2007	% Change
				(US$ in millions, except % change)					
Net operating revenues from external customers	79.7	91.6	(13.0)	119.0	154.1	(22.8)	154.1	143.4	7.5
Intersegment revenues	33.7	16.9	99.5	23.9	12.7	87.3	12.7	–	n/a
Net operating revenues (including intersegment revenues)	**113.4**	**108.5**	**4.5**	**142.9**	**166.8**	**(14.3)**	**166.8**	**143.4**	**16.4**
Depreciation and amortization	40.1	48.6	(17.5)	68.4	73.6	(7.1)	73.6	61.2	20.2
Operating income	5.0	1.7	195.3	(2.4)	7.2	(132.7)	7.2	15.8	(54.4)
Net income attributable to VimpelCom	**(4.2)**	**(0.6)**	**(600.0)**	**(7.7)**	**(3.4)**	**125.4**	**(3.4)**	**9.8**	**(135.0)**

Ukraine Mobile

	Nine months ended September 30,			Year ended December 31,					
	2010	2009	% Change	2009	2008	% Change	2008	2007	% Change
	(US$ in millions, except % change)								
Net operating revenues from external customers	78.6	81.6	(3.7)	104.5	185.4	(43.6)	185.4	105.5	75.8
Intersegment revenues	4.4	4.9	(10.6)	5.7	8.3	(31.3)	8.3	6.2	33.9
Net operating revenues (including intersegment revenues)	**83.0**	**86.5**	**(4.1)**	**110.3**	**193.7**	**(43.1)**	**193.7**	**111.6**	**73.6**
Depreciation and amortization	35.2	46.5	(24.2)	63.5	86.4	(26.4)	86.4	43.7	97.5
Impairment loss	–	–	n/a	–	90.1	n/a	90.1	–	n/a
Operating income	(23.0)	(35.1)	(34.6)	(49.9)	(170.0)	(70.8)	(171.0)	(43.2)	295.6
Net income attributable to VimpelCom	**(36.3)**	**(68.2)**	**(46.7)**	**(86.9)**	**(378.0)**	**(77.0)**	**(378.0)**	**(59.6)**	**534.0**

Ukraine Fixed

	Nine months ended September 30,			Year ended December 31,					
	2010	2009	% Change	2009	2008	% Change	2008	2007	% Change
	(US$ in millions, except % change)								
Net operating revenues from external customers	40.5	44.1	(8.3)	58.8	70.9	(17.2)	70.9	–	n/a
Intersegment revenues	21.7	24.4	(10.8)	34.0	15.9	113.7	15.9	–	n/a
Net operating revenues (including intersegment revenues)	**62.2**	**68.5**	**(9.1)**	**92.8**	**86.9**	**6.8**	**86.9**	–	**n/a**
Depreciation and amortization	10.0	10.5	(4.8)	23.3	14.9	56.5	14.9	–	n/a
Operating income	5.0	6.6	(24.2)	(0.7)	1.7	(142.7)	1.7	–	n/a
Net income attributable to VimpelCom	**2.8**	**5.1**	**(45.1)**	**(3.0)**	**(6.9)**	**(56.2)**	**(6.9)**	–	**n/a**

Asia Mobile

	Nine months ended September 30,			Year ended December 31,					
	2010	2009	% Change	2009	2008	% Change	2008	2007	% Change
	(US$ in millions, except % change)								
Net operating revenues from external customers	14.9	3.2	362.5	5.7	–	n/a	–	–	n/a
Intersegment revenues	0.0	–	n/a	–	–	n/a	–	–	n/a
Net operating revenues (including intersegment revenues)	**14.9**	**3.2**	**362.6**	**5.7**	–	**n/a**	–	–	**n/a**
Depreciation and amortization	10.3	2.5	304.4	5.2	–	n/a	–	–	n/a
Operating income	(35.8)	(28.0)	27.7	(43.3)	(0.7)	5,694.3	(0.7)	–	n/a
Net income attributable to VimpelCom	**(61.1)**	**(36.3)**	**68.3**	**(67.9)**	**1.1**	**(6,431.4)**	**1.1**	–	**n/a**

Nine Months Ended September 30, 2010 Compared to Nine Months Ended September 30, 2010

Net Operating Revenues

Our consolidated net operating revenues increased by 11.0% to US$7,095.8 million during the first nine months of 2010 from US$6,394.3 million during the first nine months of 2009 primarily due to appreciation of our functional currency in Russia, increased traffic on our mobile networks as a result of an increase in our mobile subscribers, consolidation of operations in Kyrgyzstan and due to a change in our contract terms in Russia for value added services discussed below. The following discussion of revenues by reportable segments includes intersegment revenues. Our management assesses the performance of each reportable segment on this basis as it believes the inclusion of intersegment revenues better reflects the true performance of each segment on a stand-alone basis.

Russia mobile net operating revenues. Our Russia mobile net operating revenues increased by 12.5% to US$5,073.4 million during the first nine months of 2010 from US$4,510.4 million during the first nine months of 2009. Our Russia mobile net operating revenues consist primarily of service revenues.

During the first nine months of 2010, we generated US$3,035.9 million of our voice service revenues from airtime charges from mobile contract and prepaid subscribers, including monthly contract fees, or 59.8% of net

operating revenues in our Russia mobile segment, compared to US$2,898.3 million, or 64.3% of net operating revenues in the first nine months of 2009. The 4.7% increase was primarily due to appreciation of the functional currency. In functional currency terms, our voice service revenues from airtime charges from mobile contract and prepaid subscribers, including monthly contract fees, in our Russia mobile segment decreased by 2.1% in the first nine months of 2010 compared to the first nine months of 2009 primarily due to decreased average price per minute which was partially offset by growth of our subscriber base and increased traffic volume.

During the first nine months of 2010, we generated US$936.5 million of our service revenues from value added services, or 18.5% of net operating revenues in our Russia mobile segment, compared to US$658.9 million, or 14.6% of net operating revenues in the first nine months 2009. The 42.1% increase in our mobile value added services revenues was primarily due to a change in our contract terms in Russia for such services which causes us to recognize revenue from value added services on a gross basis and reflect the commissions paid to the content provider in the cost of service rather than deducting it from revenue. During the first nine months of 2009, we deducted US$71.5 million of commission from net operating revenues. Growth of our subscriber base, increased revenue from sales of infotainment and appreciation of the functional currency also contributed to the increase. In functional currency terms, our Russia mobile segment service revenues from value added services increased by 32.4% during the first nine months of 2010 compared to the first nine months of 2009, primarily due to the change in contract terms for VAS, as well as an increase in our subscriber base and increased revenue from sales of infotainment.

During the first nine months of 2010, we generated US$724.5 million of our service revenues from interconnect, or 14.3% of net operating revenues in the Russia mobile segment, compared to US$622.4 million, or 13.8% of net operating revenues in the first nine months of 2009. The 16.4% increase was primarily due to the appreciation of the functional currency and increased traffic on our network. In functional currency terms, our Russia mobile segment service revenues from interconnect increased by 8.4% during the first nine months of 2010 compared to the first nine months of 2009 due to increased incoming traffic from the subscribers of our competitors. The latter increased due to higher churn of our own subscribers in the first nine months of 2010 which also contributed to the decrease in our voice service revenues.

During the first nine months of 2010, we generated US$273.2 million of our service revenues from roaming fees generated by our Russian mobile subscribers and roaming fees received from other mobile services operators for providing roaming services to our subscribers, or 5.4% of net operating revenues in our Russia mobile segment, compared to US$230.7 million or 5.1% of net operating revenues in the first nine months of 2009. The 18.4% increase during the first nine months of 2010 compared to the first nine months of 2009 was primarily due to bad weather conditions in Russia's central region which caused increased travel by subscribers, the growth of our subscriber base and the appreciation of the functional currency. In functional currency terms, our Russia mobile segment service revenues from roaming increased by 11.2% during the first nine months of 2010 compared to the first nine months of 2009.

During the first nine months of 2010, we generated US$0.6 million of our service revenues from other types of services, including connection charges, or 0.0% of net operating revenues in our Russia mobile segment, compared to US$8.9 million and 0.2%, respectively, for the first nine months of 2009.

Our net operating revenues in the Russia mobile segment also included revenues from sales of equipment and accessories. During the first nine months of 2010, revenues from sales of equipment and accessories increased by 17.2% to US$92.2 million from US$78.7 million during the first nine months of 2009 and increased to 1.8% of net operating revenues in the first nine months of 2010 from 1.7% in the first nine months of 2009, primarily as a result of appreciation of our functional currency and sales of Beeline brand phones. In functional currency terms, our Russia mobile segment sales of equipment and accessories increased by 6.8% during the first nine months of 2010 compared to the first nine months of 2009.

Russia fixed net operating revenues. In the first nine months of 2010, net operating revenues in the Russia fixed segment increased by 4.7% to US$986.5 million from US$941.8 million in the first nine months of 2009. Our Russia fixed segment net operating revenues in the first nine months of 2010 consisted of US$459.3 million generated from business operations, US$364.6 million generated from wholesale operations and US$162.6 million generated from residential operations. The increase in net operating revenues in our Russia fixed segment in the first nine months of 2010 compared to the first nine months of 2009 was primarily due to appreciation of the functional currency which more than offset a decrease in network traffic volume and lower prices as a result of price pressure

from competitors. In functional currency terms, our Russia fixed segment net operating revenues decreased by 2.4% during the first nine months of 2010 compared to the first nine months of 2009.

CIS mobile net operating revenues. Our CIS mobile net operating revenues increased by 16.5% to US$878.6 million during the first nine months of 2010 from US$753.9 million during the first nine months of 2009. Our CIS mobile net operating revenues consist mostly of service revenues.

During the first nine months of 2010, we generated US$588.7 million of our service revenues from airtime charges in the CIS from mobile contract and prepaid subscribers, including monthly contract fees, or 67.0% of our net operating revenues in the CIS mobile segment, compared to US$525.1 million, or 69.7% of net operating revenues in the first nine months of 2009. The 12.1% increase during the first nine months of 2010 compared to the first nine months of 2009 was primarily due to consolidation of our operations in Kyrgyzstan and increased consumer spending in Kazakhstan, partially offset by decreased consumer spending in Uzbekistan and Tajikistan. Without the consolidation of our operations in Kyrgyzstan, our service revenues from airtime charges would have increased by 2.5%.

During the first nine months of 2010, we generated US$153.8 million of our mobile service revenues from interconnect fees in the CIS, or 17.5% of our net operating revenues in CIS mobile, compared to US$119.8 million, or 15.9% of net operating revenues in CIS mobile in the first nine months of 2009. The 28.4% increase in the first nine months of 2010 compared to the first nine months of 2009 was primarily due to increase in traffic in all countries and consolidation of our operations in Kyrgyzstan.

During the first nine months of 2010, we generated US$100.7 million of our mobile service revenues from value added services in the CIS, or 11.5% of net operating revenues in CIS mobile, compared to US$81.5 million, or 10.8% of net operating revenues in CIS mobile in the first nine months of 2009. The 23.6% increase in the first nine months of 2010 compared to the first nine months of 2009 was primarily due to increase in subscriber base and increased consumer spending on value added services.

During the first nine months of 2010, we generated US$30.6 million of our service revenues from roaming in the CIS, or 3.5% of net operating revenues in CIS mobile, compared to US$24.7 million, or 3.3% of net operating revenues in CIS mobile in the first nine months of 2009. This 23.9% increase in roaming revenues in the first nine months of 2010 compared to the first nine months of 2009 was primarily due to consolidation of our operations in Kyrgyzstan and increased consumer spending on roaming services.

Our net operating revenues in the CIS mobile segment also included revenues from sales of equipment and accessories. During the first nine months of 2010, revenues from sales of equipment and accessories increased to US$3.3 million from US$0.3 million during the first nine months of 2009.

CIS fixed net operating revenues. Our net operating revenues in the CIS fixed segment increased by 4.5% to US$113.4 million in the first nine months of 2010 from US$108.5 million in the first nine months of 2009. The increase was primarily due to the growth of interconnect revenues in Tajikistan, interconnect and internet revenues in Armenia and revenues from rent of channel in Kazakhstan, partially offset by a decrease in voice revenues in Armenia. In the first nine months of 2010, US$23.6 million of CIS fixed revenues were generated from our business operations, US$48.2 million from wholesale operations and US$41.5 million from residential operations.

Ukraine mobile net operating revenues. Our Ukraine mobile net operating revenues decreased by 4.0% to US$83.0 million during the first nine months of 2010 from US$86.5 million during the first nine months of 2009, primarily due to decreased interconnect revenues resulting from changes in regulation that reduced interconnect charges.

Ukraine fixed net operating revenues. Our net operating revenues in the Ukraine fixed segment decreased by 9.2% to US$62.2 million in the first nine months of 2010 from US$68.5 million in the first nine months of 2009, primarily due to a decrease in marketing activity due to planned integration of the URS and Kyivstar businesses. For more information about the planned integration of the URS and Kyivstar businesses, see "—Recent Developments and Trends" above.

Asia mobile segment net operating revenues. In the first nine months of 2010, net operating revenues in the Asia mobile segment were US$14.9 million compared to US$3.2 million in the first nine months of 2009. Our Asia mobile net operating revenues consist mostly of service revenues in Cambodia. During the first nine months of 2010, in Cambodia US$11.6 million of our mobile service revenues, or 77.9% of our net operating revenues, were from airtime charges from mobile prepaid subscribers and monthly contract fees, US$2.3 million of our mobile

service revenues, or 15.4% of our net operating revenues, were from interconnect fees, and US$0.8 million of our mobile service revenues, or 5.4% of our net operating revenues, were from other services, including connection charges and value added services. Our net operating revenues in the Asia mobile segment also included revenues from sales of equipment and accessories. During the first nine months of 2010, revenues from sales of equipment and accessories were US$0.3 million or 2.0% of net operating revenues.

Total Operating Expenses

Our consolidated total operating expenses increased by 13.2% to US$5,009.9 million during the first nine months of 2010 from US$4,423.8 million during the first nine months of 2009, and represented 70.6% and 69.2% of net operating revenues in the first nine months of 2010 and the first nine months of 2009, respectively. This increase was primarily due to appreciation of the functional currency in Russia.

Due to the adverse economic environment in the first nine months of 2009, we focused on maintaining our consolidated operating margin by controlling our operating expenses. With the improvement of the economic environment in the first nine months of 2010, we increased operating expenses to support growth of our operations. As a result, our consolidated operating margin for the first nine months of 2010 was 29.4% compared to 30.8% in the first nine months of 2009.

Service costs. Our consolidated service costs increased by 16.0% to US$1,590.7 million during the first nine months of 2010 from US$1,371.0 million during the first nine months of 2009. As a percentage of consolidated net operating revenues, our service costs increased to 22.4% during the first nine months of 2010 from 21.4% during the first nine months of 2009.

Service costs in Russia mobile operations increased by 21.6% to US$1,033.1 million in the first nine months of 2010 from US$849.5 million in the first nine months of 2009, primarily due to the appreciation of the functional currency, growth of international interconnect costs related to an increase in our traffic volume and a change in our contract terms in Russia for value added services which causes us to recognize revenue from value added services on a gross basis and reflect the commission paid to the content provider in the cost of service rather than deducting it from revenue. During the first nine months of 2009, we netted US$71.5 million of commissions. In functional currency terms, our service costs in Russia mobile increased by 13.7% during the first nine months of 2010 compared to the first nine months of 2009.

Service costs in Russia fixed increased by 14.4% to US$374.9 million in the first nine months of 2010 from US$327.8 million in the first nine months of 2009. This increase was mostly due to appreciation of the functional currency and increased volume of local traffic and transport network cost. In functional currency terms, service costs in Russia fixed increased by 6.6% in the first nine months of 2010 compared to the first nine months of 2009.

Service costs in CIS mobile increased by 14.3% to US$201.0 million in the first nine months of 2010 from US$175.8 million in the first nine months of 2009. The increase was primarily due to consolidation of our operations in Kyrgyzstan and overall growth of our business in CIS.

Service costs in CIS fixed increased by 48.0% to US$37.9 million in the first nine months of 2010 from US$25.6 million in the first nine months of 2009. The increase was primarily due to the increase of interconnect costs related to traffic termination that was caused both by an increase in network traffic in CIS countries with fixed business and an increase of outbound traffic prices in Armenia.

Service costs in Ukraine mobile decreased by 24.2% to US$23.5 million in the first nine months of 2010 from US$31.0 million in the first nine months of 2009. The decrease was primarily due to a decrease in interconnect costs resulting from a change in governmental regulation that reduced the interconnect charge per minute. The regulation change had more impact on service costs than on service revenues due to the portion of interconnect charges in service costs being higher than the portion of interconnect charges in service revenues.

Service costs in Ukraine fixed decreased by 16.7% to US$28.0 million in the first nine months of 2010 from US$33.6 million in the first nine months of 2009 The decrease was primarily due to a decrease in interconnect costs resulting from a change in governmental regulation that reduced the interconnect charge per minute. The regulation change had more impact on service costs than on service revenues due to the portion of interconnect charges in service costs being higher than the portion of interconnect charges in service revenues.

In the first nine months of 2010, service costs in our Asia mobile segment, consisting primarily of interconnect costs in our mobile operations in Cambodia, increased by 42.9% to US$7.0 million from

US$4.9 million in the first nine months of 2009. The increase in service costs was primarily due to the growth of our subscriber base.

Cost of equipment and accessories. Our consolidated cost of equipment and accessories increased by 35.0% to US$115.6 million in the first nine months of 2010 from US$85.6 million in the first nine months of 2009. This increase was primarily due to the introduction of Beeline brand phones in the summer of 2010.

Selling, general and administrative expenses. Our consolidated selling, general and administrative expenses increased by 18.1% to US$2,019.2 million during the first nine months of 2010 from US$1,710.2 million during the first nine months of 2009. This increase was primarily due to higher sales and marketing expenses in Russia mobile, as well as appreciation of the functional currency in Russia. As a percentage of consolidated net operating revenues, our consolidated selling, general and administrative expenses increased to 28.5% in the first nine months of 2010 from 26.7% in the first nine months of 2009.

Selling, general and administrative expenses in the Russia mobile segment increased by 18.8% to US$1,334.4 million in the first nine months of 2010 from US$1,123.2 million in the first nine months of 2009. As a percentage of net operating revenues (including intersegment revenues) in the Russia mobile segment, selling, general and administrative expenses increased by 1.4% in the first nine months of 2010 compared to the first nine months of 2009. This overall increase was driven by higher sales and marketing expenses, which increased by 1.1 percentage points, technical support expenses, which increased by 0.2 percentage points and general and administrative expenses, which increased by 0.1 percentage points, in each case as a percentage of net operating revenues.

Selling, general and administrative expenses in the Russia fixed segment increased by 10.5% to US$311.9 million in the first nine months of 2010 from US$282.3 million in the first nine months of 2009. As a percentage of net operating revenues (including intersegment revenues) in the Russia fixed segment, selling, general and administrative expenses increased by 1.6% in the first nine months of 2010 compared to the first nine months of 2009. This overall increase was driven by higher sales and marketing expenses, which increased by 0.8 percentage points, general and administrative expenses, which increased by 0.5 percentage points, and technical support expenses, which increased by 0.3 percentage points, in each case as a percentage of net operating revenues.

Selling, general and administrative expenses in the CIS mobile segment increased by 23.0% to US$235.0 million in the first nine months of 2010 from US$191.1 million in the first nine months of 2009. As a percentage of net operating revenues (including intersegment revenues) in the CIS mobile segment, selling, general and administrative expenses increased by 1.4% in the first nine months of 2010 compared to the first nine months of 2009. This overall increase was driven by higher general and administrative expenses, which increased by 1.2 percentage points, and technical support expenses, which increased by 0.3 percentage points, while sales and marketing expenses remained at the same level, in each case as a percentage of net operating revenues. The increase was primarily due to an increase in sales and marketing expenses and technical and IT costs to support ongoing growth in the CIS segment.

Selling, general and administrative expenses in the CIS fixed segment decreased by 6.2% to US$28.8 million in the first nine months of 2010 from US$30.7 million in the first nine months of 2009. As a percentage of net operating revenues (including intersegment revenues) in the CIS fixed segment, selling, general and administrative expenses decreased by 2.9% in the first nine months of 2010 compared to the first nine months of 2009. The overall decrease was driven by general and administrative expenses, which decreased by 4.5 percentage points, which more than offset a 0.4 percentage points increase in technical support expenses and a 1.4 percentage points increase in sales and marketing expenses, in each case as a percentage of net operating revenues. The appreciation of the U.S. dollar against the functional currency of our fixed-line operations in Armenia contributed to the overall decrease in the selling, general and administrative expenses in the CIS fixed segment.

Selling, general and administrative expenses in the Ukraine mobile segment increased by 9.5% to US$47.1 million in the first nine months of 2010 from US$43.0 million in the first nine months of 2009. As a percentage of net operating revenues (including intersegment revenues) in the Ukraine mobile segment, selling, general and administrative expenses increased by 7.0% in the first nine months of 2010 compared to the first nine months of 2009. The overall increase was driven by general and administrative expenses, which increased by 1.5 percentage points, technical support expenses, which increased by 4.3 percentage points, and sales and marketing expenses, which increased by 1.1 percentage points, in each case as a percentage of net operating

revenues. The increase of expenses was primarily due to a change in regulation which significantly increased our monthly fees for radio frequencies usage.

Selling, general and administrative expenses in the Ukraine fixed segment increased by 11.9% to US$18.8 million in the first nine months of 2010 from US$16.8 million in the first nine months of 2009. As a percentage of net operating revenues (including intersegment revenues) in the Ukraine fixed segment, selling, general and administrative expenses increased by 5.7% in the first nine months of 2010 compared to the first nine months of 2009. The overall increase was driven by general and administrative expenses, which increased by 0.2 percentage points, and technical support expenses, which increased by 6.1 percentage points, which together offset a decrease of 0.5 percentage points in sales and marketing expenses, in each case as a percentage of net operating revenues. The increase of expenses was primarily due to an increase in payments for access to transport network maintenance facilities that is charged by the governmental provider.

Selling, general and administrative expenses in the Asia mobile segment primarily consisted of expenses in our mobile operations in Cambodia, which amounted to US$33.2 million in the first nine months of 2010 compared to US$23.8 million in the first nine months of 2009. The 39.5% increase was primarily due to our continued development of the network and sales and marketing expenses in Cambodia.

Depreciation and amortization expenses. Our consolidated depreciation and amortization expenses increased by 2.5% to US$1,244.6 million in the first nine months of 2010 from US$1,214.1 million in the first nine months of 2009. The overall increase in depreciation and amortization expenses was primarily due to the appreciation of the functional currency in Russia, as well as consolidation of our operations in Kyrgyzstan.

In the first nine months of 2010, our depreciation and amortization expenses in the Russia mobile segment increased by 3.1% to US$762.3 million from US$739.2 million in the first nine months of 2009, primarily due to the appreciation of the functional currency. In functional currency terms, in the first nine months of 2010, depreciation and amortization expenses in the Russia mobile segment decreased by 3.5% compared to the first nine months of 2009 primarily due to full depreciation of certain fixed assets in the first nine months of 2010 which offset the increase in depreciation caused by new long lived assets put in operation in the first nine months of 2010.

Depreciation and amortization expenses in the Russia fixed segment decreased by 2.6% to US$171.3 million in the first nine months of 2010 from US$175.8 million in the first nine months of 2009, primarily due to the full depreciation of certain assets in the beginning of 2010 and a decrease of amortization of customer relationships due to declining over time amortization expenses based on the applied amortization method.

Depreciation and amortization expenses in the CIS mobile segment increased by 12.8% to US$215.4 million in the first nine months of 2010 from US$190.9 million in the first nine months of 2009. The increase was primarily due to consolidation of our operations in Kyrgyzstan.

Depreciation and amortization expenses in the CIS fixed segment decreased by 17.5% to US$40.1 million in the first nine months of 2010 from US$48.6 million in the first nine months of 2009, primarily due to the full depreciation of certain fixed assets in Armentel by the end of 2009.

Depreciation and amortization expenses in the Ukraine mobile segment decreased by 24.3% to US$35.2 million in the first nine months of 2010 from US$46.5 million in the first nine months of 2009, primarily due to the full amortization and depreciation of certain assets of Golden Telecom by the end of 2009.

Depreciation and amortization expenses in the Ukraine fixed segment decreased by 4.8% to US$10.0 million in the first nine months of 2010 from US$10.5 million in the first nine months of 2009, primarily due to full depreciation of certain assets by the end of 2009.

Depreciation and amortization expenses in the Asia mobile segment increased by 312.0% to US$10.3 million in the first nine months of 2010 from US$2.5 million in the first nine months of 2009, primarily due to long lived assets put in operation.

Provision for doubtful accounts. Our consolidated provision for doubtful accounts decreased by 7.4% to US$39.8 million in the first nine months of 2010 from US$43.0 million in the first nine months of 2009. As a percentage of consolidated net operating revenues, provision for doubtful accounts decreased to 0.6% in the first nine months of 2010 compared to 0.7% in the first nine months of 2009 due to the improvement in collectability of accounts receivable because of improved economic conditions.

Operating Income

Our consolidated operating income increased by 5.9% to US$2.085.9 million in the first nine months of 2010 from US$1,970.5 million in the first nine months of 2009 primarily as a result of the foregoing. Our total operating income as a percentage of net operating revenues in the first nine months of 2010 decreased to 29.4% from 30.8% in the first nine months of 2009.

In the first nine months of 2010, our operating income in the Russia mobile segment increased by 7.1% to US$1,819.0 million from US$1,697.7 million in the first nine months of 2009, primarily due to the appreciation of the functional currency. In functional currency terms, in the first nine months of 2010, our operating income in the Russia mobile segment increased by 0.2% compared to the first nine months of 2009.

Our operating income in the Russia fixed segment decreased by 18.6% to US$110.0 million in the first nine months of 2010 from US$135.1 million in the first nine months of 2009, primarily due to the appreciation of the functional currency which resulted in direct costs increasing at a higher rate than our revenues because most of our costs are incurred in our functional currency while some of our contracts with business and wholesale customers are denominated in U.S. dollars and Euros. Reduction in operating income was also due to lower revenue in functional currency caused by lower traffic and prices because of stronger competition in the market.

Our operating income in the CIS mobile segment increased by 12.7% to US$217.0 million in the first nine months of 2010 from US$192.6 million in the first nine months of 2009. The increase was primarily due to consolidation of our operations in Kyrgyzstan.

Our operating income in the CIS fixed segment increased by 194.1% to US$5.0 million in the first nine months of 2010 from US$1.7 million in the first nine months of 2009 mainly due to an increase in traffic transit through our networks in Tajikistan and Georgia.

Our operating loss in the Ukraine mobile segment decreased to US$23.0 million in the first nine months of 2010 from an operating loss of US$35.1 million in the first nine months of 2009, primarily due to a decrease in depreciation and amortization caused by full amortization of certain assets by the end of 2009.

Our operating income in the Ukraine fixed segment decreased by 24.2% to US$5.0 million in the first nine months of 2010 from US$6.6 million in the first nine months of 2009, primarily due to a reduction in marketing activity due to the planned integration of the URS and Kyivstar businesses which resulted in operating revenues decreasing at a higher rate than operating expense. For more information about the planned integration of the URS and Kyivstar businesses, see "—Recent Developments and Trends" above.

Our operating loss in the Asia mobile segment increased to US$35.8 million in the first nine months of 2010 from an operating loss of US$28.0 million in the first nine months of 2009, primarily due to increased depreciation and amortization expenses caused by additional capital expenditures.

Other Income and Expenses

Interest expense/income. Our consolidated interest expense decreased by 9.4% to US$394.0 million in the first nine months of 2010 from US$434.8 million in the first nine months of 2009, primarily due to a decrease in the average interest rates on our outstanding debt, which was 7.8% in the first nine months of 2010 compared to 8.0% in the first nine months of 2009 and a decrease in the overall amount of our debt. Our consolidated interest income decreased by 21.2% to US$32.5 million in the first nine months of 2010 from US$41.3 million in the first nine months of 2009, primarily due to lower interest rates on investments and short-term bank deposits.

Net foreign exchange (loss)/gain. We recorded a US$5.2 million foreign currency exchange loss in the first nine months of 2010 compared to a US$397.2 million foreign currency exchange loss in the first nine months of 2009. The losses were primarily due to the devaluation of the Russian ruble against the U.S. dollar at the revaluation date which resulted in a corresponding revaluation of our U.S. dollar denominated financial liabilities, including our loan agreements. Our foreign currency exchange loss decreased in the first nine months of 2010 compared to the first nine months of 2009, primarily due to the lower rate of devaluation of the Russian ruble against the U.S. dollar of 0.5% in the first nine months of 2010 compared to 2.4% in the first nine months of 2009, as well as a decrease in the percentage of USD-denominated debt of total debt to 60.5% as of September 30, 2010 from 65.6% as of September 30, 2009.

Equity in net gain/(loss) of associates. We recorded a net gain of US$26.5 million from our equity in associates in the first nine months of 2010 compared to a net loss of US$25.8 million in the first nine months of 2009, primarily due to a gain in our equity in Morefront Holdings Ltd. which was partially offset by a loss in our equity in GTEL-Mobile.

Other (expenses)/income, net. We recorded a US$83.5 million expense during the nine months ended September 30, 2010 compared US$8.1 million during the nine months ended September 30, 2009. The increase was primarily due to a loss contingency in relation to cash rights for shares of Golden Telecom. For more information, see note 9 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

Income tax expense. Our consolidated income tax expense increased by 48.5% to US$459.7 million in the first nine months of 2010 from US$309.7 million in the first nine months of 2009. The increase in income taxes was primarily due to the increase in income before income taxes. Our effective income tax rate was 27.7% in the first nine months of 2010 compared to 27.0% in the first nine months of 2009. The increase in the effective income tax rate was primarily due to the tax effects of the restructuring of the entities formerly belonging to the Golden Telecom group.

Net income/(loss) attributable to the noncontrolling interest. Our net income attributable to the noncontrolling interest was US$33.7 million in the first nine months of 2010 compared to a net loss of US$2.1 million in the first nine months of 2009, primarily due to consolidation of Sky Mobile in Kyrgyzstan from January 1, 2010. For more information, see note 1 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus. Sky Mobile was wholly owned by a third-party as of September 30, 2010 which resulted in all of its net income being reflected in net income/(loss) attributable to the noncontrolling interest. In October 2010, we acquired 50.1% of the issued share capital of Sky Mobile's parent company, Menacrest Limited.

Net income attributable to VimpelCom

In the first nine months of 2010, consolidated net income attributable to VimpelCom was US$1,168.8 million compared to US$838.4 million in the first nine months of 2009.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Net Operating Revenues

Our consolidated net operating revenues decreased by 14.0% to US$8,702.9 million during 2009 from US$10,116.9 million during 2008. Our net operating revenues decreased in 2009 primarily as a result of the devaluation of functional currencies. In functional currency terms, in 2009 compared to 2008, our net operating revenues increased in all countries in which we operate other than in Armenia and Uzbekistan, mainly due to increased traffic on our mobile networks primarily due to an increase in mobile subscribers over the course of 2009. The following discussion of revenues by reportable segments includes intersegment revenues. Our management assesses the performance of each reportable segment on this basis as it believes the inclusion of intersegment revenues better reflects the true performance of each segment on a stand-alone basis.

Russia mobile net operating revenues. Our Russia mobile net operating revenues decreased by 16.2% to US$6,170.1 million during 2009 from US$7,361.3 million during 2008. Our Russia mobile net operating revenues consist mostly of service revenues.

During 2009, we generated US$3,952.4 million of our service revenues from airtime charges from mobile contract and prepaid subscribers, including monthly contract fees, or 64.1% of net operating revenues in our Russia mobile segment, compared to US$4,853.6 million, or 65.9% of net operating revenues in 2008. The 18.6% decrease was primarily due to the devaluation of the functional currency, which more than offset the growth of our subscriber base and the resulting increased traffic volumes on our mobile network. In functional currency terms, our service revenues from airtime charges from mobile contract and prepaid subscribers, including monthly contract fees, in our Russia mobile segment increased by 3.9% in 2009 compared to 2008.

During 2009, we generated US$888.9 million of our service revenues from interconnect, or 14.4% of net operating revenues in the Russia mobile segment, compared to US$1,064.1 million, or 14.5% of net operating revenues in 2008. The 16.5% decrease was primarily due to the devaluation of the functional currency, which more

than offset increased traffic to our network. In functional currency terms, our Russia mobile segment service revenues from interconnect increased by 3.0% during 2009 compared to 2008.

During 2009, we generated US$925.5 million of our service revenues from value added services, or 15.0% of net operating revenues in our Russia mobile segment, compared to US$898.9 million, or 12.2% of net operating revenues in 2008. The 3.0% increase in our mobile value added services revenues was primarily due to the growth in our subscriber base and increased revenue from sales of infotainment and data, partially offset by the devaluation of the functional currency. In functional currency terms, our Russia mobile segment service revenues from value added services increased by 30.8% during 2009 compared to 2008.

During 2009, we generated US$298.0 million of our service revenues from roaming fees generated by our Russian mobile subscribers and roaming fees received from other mobile services operators for providing roaming services to our subscribers, or 4.8% of net operating revenues in our Russia mobile segment, compared to US$430.7 million or 5.9% of net operating revenues in 2008. The 30.8% decrease during 2009 compared to 2008 was primarily due to the devaluation of the functional currency and the adverse economic conditions which resulted in decreased activity of our Russia mobile subscribers and persons roaming on our network. In functional currency terms, our Russia mobile segment service revenues from roaming decreased by 11.1% during 2009 compared to 2008.

During 2009, we generated US$16.1 million of our service revenues from other types of services, including connection charges, or 0.3% of net operating revenues in our Russia mobile segment, compared to US$6.5 million and 0.1%, respectively, for 2008.

Our net operating revenues in the Russia mobile segment also included revenues from sales of equipment and accessories. During 2009, revenues from sales of equipment and accessories decreased by 2.9% to US$98.0 million from US$100.9 million during 2008 but increased to 1.6% of net operating revenues in 2009 from 1.4% in 2008, primarily as a result of sales of iPhones and USB modems that started in the end of 2008 and the second half of 2008, respectively.

During 2009, our net operating revenues in the Russia mobile segment included US$19.5 million of revenues generated from other activity compared to US$6.6 million for 2008.

Russia fixed net operating revenues. In 2009, net operating revenues in the Russia fixed segment increased by 1.6% to US$1,277.7 million from US$1,257.8 million in 2008. Our Russia fixed segment net operating revenues in 2009 consisted of US$656.3 million generated from business operations, US$438.2 million generated from wholesale operations and US$183.2 million generated from residential operations. The increase in net operating revenues in our Russia fixed segment in 2009 compared to 2008 was due to the full-year consolidation of Golden Telecom's operations for 2009 as opposed to only 10 months of 2008, and improvement in wholesale and residential operations. As a portion of our contracts with business and wholesale customers are denominated in U.S. dollars and Euros, a portion of our revenues was protected from devaluation of the Russian ruble.

CIS mobile net operating revenues. Our CIS mobile net operating revenues decreased by 9.3% to US$1,013.0 million during 2009 from US$1,117.1 million during 2008. Our CIS mobile net operating revenues consist mostly of service revenues.

During 2009, we generated US$698.9 million of our service revenues from airtime charges in the CIS from mobile contract and prepaid subscribers, including monthly contract fees, or 69.0% of our net operating revenues in the CIS mobile segment, compared to US$788.6 million, or 70.6% of net operating revenues in 2008. The 11.4% decrease during 2009 compared to 2008 was primarily due to the devaluation of our functional currencies, which more than offset increased traffic volumes in Kazakhstan and Georgia during 2009. In functional currency terms, our service revenues from airtime charges increased by 3.2% in 2009 compared to 2008.

During 2009, we generated US$163.9 million of our mobile service revenues from interconnect fees in the CIS, or 16.2% of our net operating revenues in CIS mobile, compared to US$170.4 million, or 15.3% of net operating revenues in CIS mobile in 2008. The 3.8% decrease in 2009 compared to 2008 was primarily due to the devaluation of functional currencies, which more than offset increased volume of inbound traffic terminated on our networks in Uzbekistan, Tajikistan and Georgia. In functional currency terms, service revenues from interconnect fees increased by 11.7% in 2009 compared to 2008.

During 2009, we generated US$112.3 million of our mobile service revenues from value added services in the CIS, or 11.1% of net operating revenues in CIS mobile, compared to US$123.5 million, or 11.1% of net

operating revenues in CIS mobile in 2008. The 9.1% decrease in 2009 compared to 2008 was primarily due to the devaluation of our functional currencies and decreased consumer spending on value added services in all CIS countries in which we operate, which together more than offset subscriber growth in Tajikistan and Georgia. In functional currency terms, service revenues from value added services increased by 5.6% in 2009 compared to 2008.

During 2009, we generated US$33.2 million of our service revenues from roaming in the CIS, or 3.3% of net operating revenues in CIS mobile, compared to US$38.0 million, or 3.4% of net operating revenues in CIS mobile in 2008. This 12.6% decrease in roaming revenues in 2009 compared to 2008 was primarily due to the devaluation of functional currencies. In functional currency terms, service revenues from roaming increased by 14.9%.

During 2009, we generated US$2.6 million of our service revenues from other types of services, including connection charges, or 0.3% of net operating revenues in our CIS mobile segment, compared to US$0.5 million and 0.0%, respectively, for 2008.

Our net operating revenues in the CIS mobile segment also included revenues from sales of equipment and accessories. During 2009, revenues from sales of equipment and accessories increased to US$1.2 million from US$0.0 million during 2008.

During 2009, our net operating revenues in the CIS mobile segment included US$8.2 million generated by other activity compared to US$4.0 million for 2008.

During each of 2009 and 2008, our CIS mobile segment incurred revenue based taxes of US$7.2 million and US$7.9 million.

CIS fixed net operating revenues. Our net operating revenues in the CIS fixed segment decreased by 14.4% to US$142.9 million in 2009 from US$166.8 million in 2008. The decrease was primarily attributable to the devaluation of the functional currency in Armenia compared to the U.S. dollar, while in functional currency terms, our revenues in CIS fixed increased by 5.3% primarily due to growth of interconnect, voice and Internet revenues in Kazakhstan and Uzbekistan. In 2009, US$17.7 million of CIS fixed revenues were generated from our business operations, US$12.0 million from wholesale operations and US$113.2 million from residential operations.

Ukraine mobile net operating revenues. Our Ukraine mobile net operating revenues decreased by 43.1% to US$110.3 million in 2009 from US$193.7 million in 2008. Our Ukraine mobile net operating revenues consist mostly of service revenues. The decrease was primarily attributable to the devaluation of the functional currency in Ukraine compared to the U.S. dollar, while in functional currency terms, our revenues in Ukraine mobile decreased by 15.4% primarily due to decreases in the subscriber base and ARPU.

Ukraine fixed net operating revenues. Our net operating revenues in the Ukraine fixed segment increased by 6.8% to US$92.8 million in 2009 from US$86.9 million in 2008. The increase was primarily attributable to growth in our wholesale operations and Internet revenues and the full-year consolidation of Golden Telecom for 2009 as opposed to 10 months of 2008, partially offset by the devaluation of the functional currency. In functional currency terms, our revenues in Ukraine fixed increased by 57.7%. In 2009, US$42.1 million of Ukraine fixed revenues were generated from our business operations, US$44.6 million from wholesale operations and US$6.1 million from residential operations.

Asia mobile segment net operating revenues. In 2009, we started to generate revenues in our Asia mobile segment. In 2009, net operating revenues in this segment were US$5.7 million and consisted of revenues from our mobile operations in Cambodia from May 2009 when our subsidiary Sotelco launched its commercial operations.

During 2009, in Cambodia US$5.1 million of our mobile service revenues, or 89.5% of our net operating revenues, were from airtime charges from mobile prepaid subscribers and monthly contract fees, US$0.5 million of our mobile service revenues, or 8.8% of our net operating revenues, were from interconnect fees, and US$0.2 million of our mobile service revenues, or 3.5% of our net operating revenues, were from other services, including connection charges and value added services.

Total Operating Expenses

Our consolidated total operating expenses decreased by 19.2% to US$6,124.5 million during 2009 from US$7,581.0 million during 2008, and represented 70.4% and 74.9% of net operating revenues in 2009 and 2008,

respectively. The decrease of 19.2% was primarily due to the devaluation of our functional currencies and cost control measures implemented in 2009.

Due to the adverse economic environment, in 2009, we focused on maintaining our consolidated operating margin by controlling our operating expenses. As a result of those efforts and the non-recurrence of the 2008 impairment losses, our consolidated operating margin for 2009 was 29.6% compared to 25.1% in 2008, notwithstanding the dilutive effect of Golden Telecom's lower margin fixed-line business, which we consolidated from March 1, 2008.

Service costs. Our consolidated service costs decreased by 17.0% to US$1,878.4 million during 2009 from US$2,262.6 million during 2008. As a percentage of consolidated net operating revenues, our service costs decreased to 21.6% during 2009 from 22.4% during 2008.

Service costs in Russia mobile operations decreased by 12.6% to US$1,165.3 million in 2009 from US$1,332.7 million in 2008, primarily due to the devaluation of the functional currency, which more than offset growth in interconnect costs related to an increase in our traffic volume. In functional currency terms, our service costs in Russia mobile increased by 11.3% during 2009 compared to 2008.

Service costs in Russia fixed decreased by 15.2% to US$458.0 million in 2009 from US$540.3 million in 2008. This decrease was primarily due to the devaluation of the functional currency, which more than offset growth in interconnect costs related to an increase in our traffic volume. In functional currency terms, service costs in Russia fixed increased by 7.4% in 2009 compared to 2008.

Service costs in CIS mobile decreased by 11.6% to US$236.2 million in 2009 from US$267.2 million in 2008. The decrease was primarily due to the devaluation of functional currencies and a decrease in interconnection expenses in Armenia. In functional currency terms, service costs in CIS mobile increased by 6.2% in 2009 compared to 2008.

Service costs in CIS fixed decreased by 11.8% to US$34.3 million in 2009 from US$38.9 million in 2008. This decrease was primarily due to the devaluation of functional currencies, which more than offset increased costs relating to increased volumes of traffic in Uzbekistan and Kazakhstan. In functional currency terms, service costs in CIS fixed increased by 1.5% in 2009 compared to 2008.

Service costs in Ukraine mobile decreased by 61.9% to US$39.8 million in 2009 from US$104.5 million in 2008. The decrease was primarily due to the devaluation of the functional currency and a decrease in interconnection expenses. In functional currency terms, service costs in Ukraine mobile decreased by 42.9% in 2009 compared to 2008.

Service costs in Ukraine fixed increased by 4.5% to US$46.2 million in 2009 from US$44.2 million in 2008. This increase was primarily due to the consolidation of Golden Telecom's operations for all of 2009, compared to only 10 months in 2008, partially offset by devaluation of the functional currency. In functional currency terms, service costs in Ukraine fixed increased by 55.6% in 2009 compared to 2008.

Service costs in Asia mobile reporting segment in 2009 were US$6.8 million, consisting primarily of interconnection expenses in our mobile operations in Cambodia.

Cost of equipment and accessories. Our consolidated cost of equipment and accessories increased by 9.3% to US$110.7 million during 2009 from US$101.3 million during 2008. This increase was primarily due to the sale of iPhones and USB modems to our customers that started in the end of 2008 and in the second half of 2008, respectively.

Selling, general and administrative expenses. Our consolidated selling, general and administrative expenses decreased by 15.8% to US$2,390.0 million during 2009 from US$2,838.5 million during 2008. This decrease was primarily due to the devaluation of functional currencies. As a percentage of consolidated net operating revenues, our consolidated selling, general and administrative expenses decreased to 27.5% in 2009 from 28.1% in 2008.

Selling, general and administrative expenses in the Russia mobile segment decreased by 19.2% to US$1,590.8 million in 2009 from US$1,967.8 million in 2008. As a percentage of net operating revenues (including intersegment revenues) in the Russia mobile segment, selling, general and administrative expenses decreased by 0.9% in 2009 compared to 2008. As a percentage of net operating revenues (including intersegment

revenues) in the Russia mobile segment, in 2009 compared to 2008, general and administrative expenses decreased by 0.9%, technical support expenses increased by 0.7% and sales and marketing expenses decreased by 0.7%.

Selling, general and administrative expenses in the Russia fixed segment decreased by 8.2% to US$384.0 million in 2009 from US$418.5 million in 2008. As a percentage of net operating revenues (including intersegment revenues) in the Russia fixed segment, selling, general and administrative expenses decreased by 3.2% in 2009 compared to the 2008. As a percentage of net operating revenues (including intersegment revenues) in the Russia fixed segment, in 2009 compared to 2008, general and administrative expenses decreased by 6.3%, technical support expenses increased by 2.1% and sales and marketing expenses increased by 0.9%.

Selling, general and administrative expenses in the CIS mobile segment decreased by 12.3% to US$259.2 million in 2009 from US$295.6 million in 2008. As a percentage of net operating revenues (including intersegment revenues) in the CIS mobile segment, selling, general and administrative expenses decreased by 0.9% in 2009 compared to 2008. As a percentage of net operating revenues (including intersegment revenues) in the CIS mobile segment, in 2009 compared to 2008, general and administrative expenses increased by 0.5%, technical support expenses increased by 1.0% and sales and marketing expenses decreased by 2.4%.

Selling, general and administrative expenses in the CIS fixed segment decreased by 11.0% to US$40.6 million in 2009 from US$45.6 million in 2008. As a percentage of net operating revenues (including intersegment revenues) in the CIS fixed segment, selling, general and administrative expenses decreased by 13.7% in 2009 compared to 2008. As a percentage of net operating revenues (including intersegment revenues) in the CIS fixed segment, in 2009 compared to 2008, general and administrative expenses decreased by 13.8%, technical support expenses increased by 0.9% and sales and marketing expenses increased by 0.8%.

Selling, general and administrative expenses in the Ukraine mobile segment decreased by 32.9% to US$55.6 million in 2009 from US$82.8 million in 2008. As a percentage of net operating revenues (including intersegment revenues) in the Ukraine mobile segment, selling, general and administrative expenses increased by 7.7% in 2009 compared to 2008. As a percentage of net operating revenues (including intersegment revenues) in the Ukraine mobile segment, in 2009 compared to 2008, general and administrative expenses increased by 2.6%, technical support expenses increased by 6.6% and sales and marketing expenses decreased by 1.5%.

Selling, general and administrative expenses in the Ukraine fixed segment decreased by 8.4% to US$23.0 million in 2009 from US$25.1 million in 2008. As a percentage of net operating revenues (including intersegment revenues) in the Ukraine fixed segment, selling, general and administrative expenses decreased by 4.1% in 2009 compared to 2008. As a percentage of net operating revenues (including intersegment revenues) in the Ukraine fixed segment, in 2009 compared to 2008, general and administrative expenses decreased by 6.5%, technical support expenses increased by 1.9% and sales and marketing expenses increased by 0.5%.

Selling, general and administrative expenses in the Asia mobile segment consisted of expenses in our mobile operations in Cambodia, as well as headquarter expenses, which amounted to US$36.9 million.

Depreciation and amortization expenses. Our consolidated depreciation and amortization expenses decreased by 9.9% to US$1,694.2 million in 2009 from US$1,881.2 million in 2008. The overall decrease in depreciation and amortization expenses was primarily due to the devaluation of functional currencies and a decrease in capital expenditures in 2009 in line with management's more cautious approach to capital investments and to internal targets for return on capital investments in response to existing adverse economic conditions. As a percentage of consolidated net operating revenues, depreciation and amortization expenses increased to 19.5% from 18.6% in 2009 compared to 2008.

Impairment loss. We did not have any write downs or impairment loss in 2009. In 2008, we wrote down US$37.6 million related to DVB-H and DVB-T licenses and recognized a US$90.1 million mobile goodwill and long lived assets impairment loss for Ukraine, and US$315.0 million fixed goodwill impairment loss for Russia. For details regarding our impairment loss and write down of long-lived assets in 2008, please see Note 10 to our audited consolidated financial statements included elsewhere in this prospectus.

Provision for doubtful accounts. Our consolidated provision for doubtful accounts decreased by 6.2% to US$51.3 million in 2009 from US$54.7 million in 2008. As a percentage of consolidated net operating revenues,

provision for doubtful accounts increased to 0.6% in 2009 compared to 0.5% in 2008 due to the growth of our fixed segments, which had higher doubtful debt rates than our mobile segments.

Operating Income

Our consolidated operating income increased by 1.7% to US$2,578.4 million during 2009 from US$2,536.0 million during 2008 primarily as a result of the foregoing. Our total operating income as a percentage of net operating revenues in 2009 increased to 29.6% from 25.1% in 2008.

During 2009, our operating income in the Russia mobile segment decreased by 15.8% to US$2,268.2 million compared to US$2,694.7 million during 2008, primarily due to the devaluation of the functional currency.

Our operating income in the Russia fixed segment increased to US$161.7 million in 2009 compared to US$262.2 million operating loss during 2008, primarily due to goodwill impairment loss of US$330.2 million in 2008, higher traffic volume and the full-year consolidation of Golden Telecom for 2009, compared to only 10 months in 2008.

Our operating income in the CIS mobile segment decreased by 8.1% to US$244.7 million in 2009 from US$266.2 million in 2008, primarily due to devaluation of functional currencies.

Our operating loss in the CIS fixed segment decreased to US$2.4 million in 2009 compared to an operating gain of US$7.2 million in 2008, mainly due to devaluation of functional currencies.

Our operating loss in the Ukraine mobile segment decreased to US$49.9 million in 2009 from US$171.0 million loss in 2008 primarily due to a US$90.1 million goodwill and long lived assets impairment loss in 2008.

In 2009, we had an operating loss of US$0.7 million in the Ukraine fixed segment compared to an operating income of US$1.7 million in 2008 due to increase of depreciation and amortization expenses due to increased capital expenditures in 2009 and 2008.

Other Income and Expenses

Interest expense/income. Our consolidated interest expense increased by 20.8% to US$598.5 million during 2009 from US$495.6 million during 2008, primarily due to an increase in the average interest rates on our outstanding debt, which was 7.6% in 2009 compared to 7.0% in 2008. Our consolidated interest income decreased by 27.8% to US$51.7 million during 2009 from US$71.6 million during 2008, primarily due to lower interest rates on investments and short-term bank deposits.

Net foreign exchange (loss)/gain. We recorded a US$411.3 million foreign currency exchange loss during 2009 compared to a US$1,142.3 million foreign currency exchange loss during 2008. The losses were primarily due to the devaluation of the Russian ruble against the U.S. dollar during 2009 and 2008 which resulted in a corresponding revaluation of our U.S. dollar denominated financial liabilities, including our loan agreements. Our foreign currency exchange loss decreased in 2009 compared to 2008, primarily due to the lower rate of devaluation of the Russian ruble against the U.S. dollar of 2.9% in 2009 compared to 19.7% in 2008.

Equity in net (loss)/gain of associates. We recorded a net loss of US$35.8 million from our equity in associates during 2009 compared to a net loss of US$61.0 million during 2008, primarily due to our equity in Morefront Holdings Ltd., which was acquired in October 2008, and the losses incurred by GTEL-Mobile relating to commencement of its commercial operations.

Income tax expense. Our consolidated income tax expense increased by 43.1% to US$435.0 million during 2009 from US$303.9 million during 2008. The increase in income taxes was primarily due to the increase in income before income taxes. Our effective income tax rate was 28.0% in 2009 compared to 34.1% in 2008. The decrease in the effective income tax rate was primarily due to the non-recurrence in 2009 of a tax non-deductible impairment loss recorded in 2008, and a lower level of loss carry-forwards provided as non-recoverable in 2009 as compared to 2008.

Net (loss)/income attributable to the noncontrolling interest. Our net loss attributable to the noncontrolling interest was US$4.5 million during 2009 compared to a net gain of US$63.0 million during 2008, primarily due to foreign exchange losses incurred in 2009 by KaR-Tel, our subsidiary in Kazakhstan, and Mobitel, our subsidiary in Georgia.

Net income attributable to VimpelCom.

In 2009, consolidated net income attributable to VimpelCom was US$1,121.8 million compared to US$524.3 million in 2008.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Net Operating Revenues

Our consolidated net operating revenues increased by 41.1% to US$10,116.9 million during 2008 from US$7,171.1 million during 2007. We increased our net operating revenues in 2008 primarily as a result of consolidation of the results of Golden Telecom, which was acquired in February 2008, and also due to increase in mobile operations because of increased traffic on our network and improved ARPU.

Russia mobile net operating revenues. Net operating revenues from our mobile operations in Russia, excluding intersegment revenues, increased by 20.8% to US$7,357.9 million during 2008 from US$6,090.2 million during 2007.

Our mobile service revenues in Russia increased by 19.3% to US$7,253.8 million during 2008 from US$6,082.4 million during 2007. These revenues include revenue from airtime charges from contract and prepaid subscribers, monthly contract fees, interconnect fees from other mobile and fixed-line operators, charges from value added services and roaming charges and other service revenues.

During 2008, we generated US$4,853.6 million of our services revenues from airtime charges from mobile contract and prepaid subscribers and monthly contract fees, or 66.0% of net operating revenues in mobile Russia, compared to US$4,124.0 million, or 67.7% of net operating revenues in mobile Russia operations in 2007. The increase was primarily related to increased traffic on our mobile network.

During 2008, we generated US$1,064.1 million of our service revenues from interconnect revenues, or 14.5% of net operating revenues in mobile Russia, compared to US$851.3 million, or 14.0% of net operating revenues in mobile Russia operations in 2007. The increase in our interconnect revenues in 2008 was also due to increased inbound traffic on our network.

During 2008, we generated US$898.9 million of our mobile service revenues from value added services, or 12.2% of total net operating revenues in mobile Russia, compared to US$736.4 million, or 12.1% of net operating revenues in 2007. The increase in our mobile value added services revenues was primarily due to launch of Ring Back Tone and traffic sharing and also due to increased revenue from SMS.

During 2008, we generated US$428.2 million of our service revenues from roaming fees generated by our Russian subscribers and roaming fees received from other mobile services operators for providing roaming services to their subscribers, or 5.8% of Russia mobile net operating revenues, compared to US$340.2 million and 5.6%, respectively, for 2007. These increases were primarily due to improved and expanded network coverage and increased roaming activity due to increased travel by our subscribers and persons roaming on our network.

In Russia mobile our net operating revenues also included revenues from sales of equipment and accessories, which increased by 1,452.3% to US$100.9 million during 2008 from US$6.5 million during 2007, primarily as a result of sales of iPhones in the fourth quarter of 2008 and USB modems in the second half of the year.

CIS mobile net operating revenues. Net operating revenues from our mobile operations in CIS, excluding intersegment eliminations, increased by 33.3% to US$1,109.3 million during 2008 from US$832.0 million during 2007.

Our mobile service revenues in CIS increased by 33.5% to US$1,121.0 million during 2008 from US$839.6 million during 2007. These revenues include revenue from airtime charges from contract and prepaid subscribers, monthly contract fees, interconnect fees from other mobile and fixed-line operators, charges from value added services and roaming charges.

During 2008, we generated US$788.6 million of our services revenues from airtime charges in CIS from mobile contract and prepaid subscribers and monthly contract fees, which represented 71.1% of our CIS mobile net operating revenues, compared to US$594.9 million, or 71.5% of net operating revenues in 2007. The increase was primarily related to revenue growth in Kazakhstan and Uzbekistan due to increased traffic on our mobile network.

During 2008, we generated US$170.4 million of our service revenues from interconnect revenues, or 15.4% of net operating revenues in CIS mobile, compared to US$127.0 million, or 15.3% of net operating revenues in CIS mobile in 2007. The increase in our interconnect revenues in 2008 was also due to increased subscriber base and volume of inbound traffic terminated on our network in CIS.

Our revenues from value added services in the CIS increased by 43.9% in 2008 compared to 2007. During 2008, we generated US$123.5 million of our mobile service revenues from value added services in CIS, or 11.1% of our CIS mobile net operating revenues, compared to US$85.8 million and 10.3%, respectively, for 2007. The increase is primarily attributable to increased consumption of value added services in Kazakhstan and Uzbekistan.

During 2008, we generated US$38.0 million of our service revenues from roaming revenues generated by our subscribers and subscribers roaming fees received from other mobile services operators for providing roaming services to their subscribers or 3.4% of in CIS mobile net operating revenues, compared to US$31.7 million and 3.8%, respectively, for 2007. These increases were primarily due to improved and expanded network coverage, an increase in roaming activity due to an increased travel by our subscribers and persons roaming on our network.

CIS fixed net operating revenues. Our CIS fixed net operating revenues, excluding intersegment revenues, increased by 7.5% to US$154.1 million in 2008 from US$143.4 million in 2007. The increase was due to consolidation of Golden Telecom's CIS business in 2008.

Ukraine mobile net operating revenues. Net operating revenues from our Ukraine mobile segment, excluding intersegment revenues, were US$185.4 million in 2008 compared to US$105.5 million in 2007, primarily due to growth of our subscriber base and increased traffic volume.

Ukraine fixed net operating revenues. Fixed Net operating revenues in our Ukraine fixed segment, excluding intersegment revenues, were US$70.9 million in 2008, which consisted of US$56.2 million from business operations, US$13.2 million from wholesale operations and US$4.5 million from residential operations.

Total Operating Expenses

Our consolidated total operating expenses increased by 52.7% to US$7,581.0 million during 2008 from US$4,964.9 million during 2007 mainly due to addition of operating expenses of Golden Telecom which was acquired in February 2008.

Service costs. Our consolidated service costs increased by 72.8% to US$2,262.6 million during 2008 from US$1,309.3 million during 2007. As a percentage of net operating revenues, our service costs increased to 22.4% during 2008 from 18.3% during 2007.

Service costs in Russia mobile operations increased by 28.0% to US$1,332.7 million in 2008 from US$1,040.9 million in 2007. The increase was caused by growth in interconnect cost due to growth in international traffic.

Service costs in CIS mobile were US$267.2 million in 2008, which was 31.0% higher than US$203.9 million in 2007. The increase was caused by growth in interconnect cost due to growth in international traffic.

Service costs in CIS fixed operations were US$38.9 million in 2008, which was US$6.8 million higher than US$32.1 million in 2007. The increase in CIS service costs was caused by integration of Golden Telecom operations in 2008.

Service costs in Ukraine mobile were US$104.5 million in 2008, which was 134.8% higher than US$44.5 million in 2007. This increase was primarily due to active sales of new tariffs with unlimited minutes of use.

Service costs in Ukraine fixed were US$44.2 million in 2008.

Cost of equipment and accessories. Our consolidated cost of equipment and accessories increased by 1,646.6% to US$101.3 million during 2008 from US$5.8 million during 2007. This increase was primarily due to sales of iPhones and USB modems in the second half of 2008 and sales of fixed equipment due to consolidation of Golden Telecom results. Our cost of equipment and accessories as a percentage of net operating revenues increased to 1.0% during 2008 compared to 0.1% during 2007.

Cost of equipment and accessories in Russia mobile operations reached US$95.2 million in 2008, which represented 94.0% of consolidated costs of equipment and accessories.

Cost of equipment and accessories in CIS mobile was US$0.1 million in 2008 and immaterial in 2007.

Cost of equipment and accessories in Russia fixed operations reached US$5.5 million in 2008 or 5.4% of consolidated costs of handsets and accessories. Cost of equipment and accessories in CIS fixed operations was US$0.6 million in 2008. The cost of equipment and accessories in CIS fixed segment in 2007 was immaterial.

Selling, general and administrative expenses. Our consolidated selling, general and administrative expenses increased by US$632.2 million or by 28.7% to US$2,838.5 million during 2008 from US$2,206.3 million during 2007 mainly due to the consolidation of Golden Telecom results.

Selling, general and administrative expenses in Russia mobile operations increased by US$64.4 million or by 3.4% to US$1,967.8 million in 2008 from US$1,903.4 million in 2007. However, as a percentage of net operating revenues they declined to 26.7% in 2008 from 31.3% in 2007. General and administrative expenses declined by US$183.3 million in 2008. The reduction is explained mainly by a reversal in stock—price based compensation plans expenses which resulted in US$123.7 million gain in 2008 compared to US$208.3 million expense in 2007. Without these expenses selling, general and administrative expenses in Russia mobile grew mostly in line with revenue growth.

Selling, general and administrative expenses in Russia fixed operations were US$418.5 million in 2008, which represented 14.7% of consolidated SG&A expenses in 2008. Of this amount US$342.5 million were general and administrative expenses, US$47.7 million were spent on technical support and US$28.3 million were spent on sales and marketing.

Selling, general and administrative expenses in CIS mobile operations were US$295.6 million in 2008, which was 44.8% higher than US$204.2 million in 2007. In 2008 US$134.9 million were general and administrative expenses, US$49.0 million were spent on technical support and US$111.7 million were spent on sales and marketing.

In CIS fixed operations, selling, general and administrative expenses amounted to US$45.6 million in 2008, an increase of US$11.7 million compared to US$33.9 million in 2007. In 2008, US$39.8 million were general and administrative expenses, US$3.7 million were spent on technical support and US$2.1 million were spent on sales and marketing.

Selling, general and administrative expenses in Ukraine mobile operations were US$82.8 million in 2008, which was 24.5% higher than US$66.5 million in 2007. In 2008, US$32.6 million were general and administrative expenses, US$24.7 million were spent on technical support and US$25.5 million were spent on sales and marketing.

Selling, general and administrative expenses in Ukraine fixed were US$25.1 million in 2008.

Depreciation and amortization expense. Our consolidated depreciation and amortization expense increased by 35.3% to US$1,881.2 million in 2008 from US$1,390.6 million during 2007. The overall increase in depreciation and amortization expense was due primarily to continuing capital expenditures in Russia and CIS coupled with the consolidation of Golden Telecom.

Depreciation and amortization expense in Russia mobile operations increased by 8.6% to US$1,204.9 million in 2008 from US$1,109.0 million in 2007. Depreciation and amortization expense in fixed operations in Russia was US$219.5 million in 2008. It was US$73.6 million in CIS fixed operations in 2008, which was 20.3% higher than US$61.2 million in 2007. In CIS mobile operations depreciation and amortization expense was US$281.9 million in 2008, which was 59.6% higher than US$176.6 million in 2007. The increase was connected with significant capital expenditures in 2008 and second half of 2007 and recognition of assets revaluation in Kazakhstan as a result of purchase price allocation on acquisition of additional share in KaR-Tel in July 2008.

Depreciation and amortization expense in fixed operations in Russia was US$219.5 million in 2008. It was US$73.6 million in CIS fixed operations in 2008, which was 20.3% higher than US$61.2 million in 2007.

Write offs and impairments. In 2008 we wrote down US$37.6 million related to DVB-H and DVB-T licenses and recognized a US$90.1 million mobile goodwill and long lived assets impairment loss for Ukraine, and US$315.0 million fixed goodwill impairment loss for Russia.

Provision for doubtful accounts. Our consolidated provision for doubtful accounts increased by 3.4% to US$54.7 million during 2008 from US$52.9 million during 2007. As a percentage of net operating revenues, provision for doubtful accounts decreased to 0.5% in 2008 compared to 0.7% in 2007 due to the reduction in negative balances of prepaid subscribers.

In 2008, provisions for doubtful accounts in Russia mobile increased by 2.1% to US$43.6 million from US$42.7 million in 2007 and also declined in CIS mobile by 38.1% to US$6.0 million from US$9.7 million in 2007.

In Russia fixed segment, provisions for doubtful accounts were US$6.0 million in 2008.

In CIS fixed operations, they were US$1.0 million in 2008 compared to US$0.4 million in 2007.

Operating Income

Primarily as a result of the foregoing, our consolidated operating income increased by 14.9% to US$2,536.0 million during 2008 from US$2,206.2 million during 2007. Partly this increase is due to a reversal in stock—price based compensation plans expenses which resulted in US$119.3 million gain in 2008 compared to US$208.3 million expense in 2007. Other than that our total operating income in 2008 stayed stable despite the negative effect of impairment loss in the fourth quarter 2008 in amount of US$442.7 million.

During 2008, our operating income in Russia mobile operations grew by 35.3% to US$2,694.7 million compared to US$1,991.8 million during 2007. This growth in Russia mobile was primarily due to an employee stock option plan expense reversal, an increase in service revenues and management's efforts to control costs.

During 2008, we had an operating loss in our Russia fixed segment of US$262.2 million due to an impairment charge of US$330.2 million.

Our operating income in CIS mobile increased by 10.1% to US$266.2 million in 2008 from US$241.8 million in 2007, primarily due to an increase of our subscriber base and increased traffic on our mobile networks in Kazakhstan and Uzbekistan.

Operating income in CIS fixed was US$7.2 million in 2008, a decrease of 54.4% from US$15.8 million in 2007 primarily due to the decrease in operating income in the Armenian fixed-line business.

Our operating loss in the Ukraine mobile segment increased to US$171.0 million in 2008 from US$43.2 million in 2007, primarily due to impairment of goodwill in 2008.

Our operating income in Ukraine fixed was US$1.7 million in 2008.

Other Income and Expenses

Consolidated interest expense. Our interest expense increased 154.4% to US$495.6 million during 2008 from US$194.8 million during 2007. The increase in our interest expense during this period was primarily attributable to an increase in the overall amount of our debt during 2008 from US$2,766.6 million to US$8,442.9 million.

Consolidated Foreign currency exchange gain/loss. We recorded a US$1,142.3 million foreign currency exchange loss during 2008 as compared to a US$73.0 million foreign currency exchange gain during 2007. The depreciation of the Russian ruble against the U.S. dollar during 2008 resulted in a significant foreign exchange loss during 2008 from a corresponding revaluation of our U.S. dollar denominated financial liabilities under our loan agreements.

In order to reduce our foreign currency risk, in November 2006, we entered into a series of forward agreements to acquire US$972.7 million in Russian rubles to hedge our U.S. dollar denominated liabilities due in 2007 and the first quarter of 2008 (including a swap agreement in the principal amount of US$236.1 million).

In March and August 2007, we entered into a series of forward agreements to acquire US$173.6 million in Russian rubles to hedge our short-term U.S. dollar denominated liabilities due in the first and second quarters of 2008 (including a zero-cost collar agreement in the principal amount of US$120.6 million).

In August 2006, we entered into a forward agreement to acquire US$110.0 million in Kazakh tenge to hedge financial liabilities of KaR-Tel. In October 2006, the forward agreement was restructured into a swap agreement in a principal amount of US$100.0 million to purchase U.S. dollars for Kazakh tenge at the fixed rate of 122.64 Kazakh

tenge per U.S. dollar and transfer our floating U.S. dollar interest rate loans to a fixed Kazakh tenge loan with an interest rate of 9.9%. As of December 31, 2007, we had a swap agreement to purchase U.S. dollars for Kazakh tenge with principal amount of US$90.3 million. In March 2008, these swap agreements were terminated due to changes in KaR-Tel-EBRD loan agreement.

In March and October 2008, we entered into a series of zero-cost collar agreements to acquire US$1,495.4 million in Russian rubles to hedge our U.S. dollar denominated liabilities due in 2008 and the first, second and third quarters of 2009.

In March 2009, we entered into a series of forward agreements to acquire US$166.7 million in Russian rubles to hedge our short-term U.S. dollar denominated liabilities due in the fourth quarter of 2009.

The net foreign exchange gains of US$120.1 million and US$39.3 million, for the years ended December 31, 2008 and 2007, respectively, net other losses of US$5.5 million and US$2.2 million for the years ended December 31, 2008 and 2007, respectively, were included in the accompanying consolidated statements of income and related to the change in fair value of derivatives.

Consolidated Income tax expense. Our income tax expense decreased 48.8% to US$303.9 million during 2008 from US$593.9 million during 2007. The decrease in income taxes was primarily due to lower income before taxes in 2008 and the benefit of the change in the Russian and Kazakh income tax rates as it relates to deferred income taxes. Our effective income tax rate of 34.1% during 2008 was higher than our effective income tax rate of 28.0% in 2007 primarily due to tax non-deductible impairment loss and loss from associates.

Net income attributable to VimpelCom

In 2008, our net income attributable to VimpelCom was US$524.3 million compared to US$1,462.7 million during 2007.

Liquidity and Capital Resources

Consolidated Cash Flow Summary

The following table shows our cash flows for the nine months ended September 30, 2010 and 2009 and for the years ended December 31, 2009, 2008 and 2007 (in millions of U.S. dollars):

	Nine Months Ended September 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
Consolidated Cash Flow					
Net cash provided by operating activities	2,468.3	2,761.8	3,512.8	3,421.9	3,037.7
Net cash used in investing activities	(572.5)	(665.8)	(1,433.5)	(7,177.2)	(2,234.6)
Net cash (used in)/provided by financing activities	(1,373.3)	(512.2)	(1,545.4)	3,750.9	(193.7)
Effect of exchange rate changes on cash and cash equivalents	(17.5)	23.8	(1.7)	(84.6)	49.8
Net increase/(decrease) in cash and cash equivalents	505.0	1,607.6	532.3	(89.0)	659.2

During the nine months ended September 30, 2010 and 2009 and the years ended December 31, 2009, 2008 and 2007, we generated positive cash flow from our operating activities and negative cash flow from investing activities. Cash flow from financing activities was negative during the nine months ended September 30, 2010 and 2009, negative during 2009, positive during 2008 and negative during 2007. The negative cash flow from financing activities during the nine months ended September 30, 2010 and 2009 and the year ended December 31, 2009 was mostly due to repayments of our existing debt facilities, which exceeded new borrowings, and payment of cash dividends of US$2.0 million, nil and US$315.6 million (in each case including related withholding tax), respectively. The positive cash flow from financing activities during 2008 was primarily the result of the receipt of proceeds from borrowings, primarily used to fund the acquisition of Golden Telecom. The negative cash flow from financing activities during 2007 was primarily the result of repayments of our existing debt facilities and our payment of cash dividends of US$331.9 million (including related withholding tax).

As of September 30, 2010, we had negative working capital of US$204.7 million, compared to negative working capital of US$447.7 million as of December 31, 2009. Working capital is defined as current assets less current liabilities. The change in our working capital as of September 30, 2010 compared to December 31, 2009,

was mainly due to the increase in our cash and cash equivalents balance to US$1,952.0 million as of September 30, 2010 from US$1,446.9 million as of December 31, 2009 as a result of cash inflows from operating activities more than offsetting outflows from our financing and investing, and a decrease in short-term debt to US$1,637.3 million as of September 30, 2010 from US$1,813.1 million as of December 31, 2009.

Our working capital is monitored on a regular basis by management. Our management expects to repay our debt as it becomes due from our operating cash flows or through additional borrowings. Short term borrowing payments are split during the twelve month period following September 30, 2010, and the majority of our short term borrowings will become due in the fourth quarter of 2011. Our management expects to make these payments as they become due. Our management believes that our working capital is sufficient to meet our present requirements.

Operating Activities

During the first nine months of 2010, net cash provided by operating activities was US$2,468.3 million, a 10.6% decrease over the US$2,761.8 million of net cash provided by operating activities during the first nine months of 2009. The decrease in net cash provided by operating activities during the first nine months of 2010 as compared to the first nine months of 2009 was primarily due to a lower amount of income tax overpayments as of January 1, 2010 compared to the amount of overpayments as of January 1, 2009 and a decrease in cash inflows from foreign currency derivatives activities.

During 2009, net cash provided by operating activities was US$3,512.8 million, a 2.7% increase over the US$3,421.9 million of net cash provided by operating activities during 2008, which, in turn was a 12.6% increase over the US$3,037.7 million of net cash provided by operating activities during 2007.

The improvement in net cash provided by operating activities during 2009 as compared to 2008 was primarily the result of an increase in net income to US$1,117.3 million in 2009 from US$587.3 million in 2008 and working capital management.

Financing Activities

During the first nine months of 2010, we repaid approximately US$1,590.0 million of indebtedness. Since September 30, 2010, we have repaid approximately US$1,311.6 million of indebtedness, including early prepayment of US$1,283.9 million of indebtedness which we made to balance our debt maturity and currency profile.

The following table provides a summary of VimpelCom's outstanding indebtedness with an outstanding principal balance exceeding US$10.0 million as of September 30, 2010. Many of the agreements relating to this indebtedness contain various restrictive covenants, including change of control restrictions and financial covenants. In addition, certain of these agreements subject our subsidiaries to restrictions on their ability to pay dividends or repay debts to VimpelCom. For additional information on this indebtedness, please refer to the notes to our unaudited condensed consolidated financial statements included elsewhere in this prospectus. For information relating to our outstanding indebtedness subsequent to September 30, 2010, see "—2010" below. For a description of some of the risks associated with certain of our indebtedness, please refer to the section of this prospectus entitled "Risk Factors."

Borrower	Type of debt/ lender	Interest rate	Outstanding debt (In millions)	Maturity date	Guarantor	Security
VimpelCom[(1)]	Syndicated loan from ABN AMRO Bank N.V., Barclays Capital, BNP Paribas, CALYON, Citibank, N.A., HSBC Bank plc, ING Bank N.V. and UBS Limited	3 months LIBOR plus 1.5%	US$390.0	February 8, 2011	None	None
VimpelCom	Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	9.125%	US$1,000.0	July 19, 2018	None	None
VimpelCom	Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	8.375%	US$800.6	April 30, 2013	None	None

Borrower	Type of debt/ lender	Interest rate	Outstanding debt (In millions)	Maturity date	Guarantor	Security
VimpelCom[2]	Loan from Syndicate of Banks Syndicated loan from the Bank of Tokyo-Mitsubishi UFJ, LTD., Barclays Capital, BNP Paribas, Commerzbank Aktiengesellschaft, Standard Bank PLC, Sumitomo Mitsui Banking Corporation Europe Limited, WestLB AG, London Branch, EDC, Nordea Bank AB, ZAO Citibank	3 months EURIBOR plus 2.3	US$449.6 (€330.6)	October 15, 2011	None	None
VimpelCom	Loan from UBS (Luxembourg) S.A. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A.)	8.25%	US$600.0	May 22, 2016	None	None
VimpelCom	Loan from Sberbank	9.25%	US $588.3 (RUR 17,886.41)	February 13, 2013	None	None
VimpelCom	Loan from LLC VimpelCom-Invest ("VC-Invest") (funded by the RUR denominated bonds by VC-Invest)	15.2%	US$328.9 (RUR 10,000.0)	July 12, 2011	VimpelCom	None
VimpelCom	Loan from VC-Invest (funded by the RUR denominated bonds by VC-Invest)	9.05%	US$330.4 (RUR 10,000.0)	July 19, 2013	VimpelCom	None
VimpelCom	Loan from Sberbank	9.25%	US$328.9 (RUR 10,000.0)	April 30, 2013	None	None
VimpelCom	Loan from Sberbank	9.0%	US$263.1 (RUR 8,000.0)	December 27, 2011	None	None
VimpelCom[3]	Loan from Sberbank	8.0%	US$250.0	December 27, 2012	None	Telecom-muni-cations equipment
Sovintel[4]	Syndicated loan from Citibank N.A., Bahrain ING BANK (EURASIA) ZAO Banca Intesa Bayerische Landesbank Commerzbank (Eurasija) SAO Export Development Canada HSBC Bank Plc HVB Banque Luxembourg Société Anonyme Bank Austria Creditanstalt AG KfW, Frankfurt Skandinaviska Enskilda Banken AB Bank WestLB Vostok (ZAO) BNP Paribas IKB Deutsche Industriebank AG Closed Joint Stock Company International Moscow Bank VTB Bank (Deutschland) AG	3 months LIBOR plus 2.0%	US$127.0	January 25, 2012	VimpelCom	None
VimpelCom	Loan from UBS (Luxembourg) S.A. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A.)	8.375%	US$184.8	October 22, 2011	None	None
VimpelCom	Loans from Bayerische Hypo und Vereinsbank AG	AB SEK Rate plus 0.75%	US$136.7	June 15, 2016	EKN	None
VimpelCom	Loan from HSBC Bank plc	6 month MOSPRIME plus 0.08%	US$35.1	March 28, 2014	EKN	None
VimpelCom	Loan arranged by Citibank, N.A.	LIBOR plus 0.1%	US$36.5	November 7, 2012	Euler Hermes Kreditversicherungs (Hermes)	None
VimpelCom[5]	Loan from SvenskaHandelsbanken	LIBOR plus 0.325%	US$35.6	November 30, 2012	Swedish Export Credits Guarantee Board (EKN)	None

Borrower	Type of debt/ lender	Interest rate	Outstanding debt (In millions)	Maturity date	Guarantor	Security
VimpelCom/Investelectrosvyaz. .	Cisco Capital	16.0%	US$32.2 (RUR 1,410.0)	July 2012	VimpelCom	Telecom equipment
KaR-Tel	Loan from Bayerische Landesbank	LIBOR plus 0.38%	US$23.7	December 27, 2012	Hermes Export Credit Agency	None
Sotelco	Loan from China Construction Bank	LIBOR plus 2.1%	US$27.1	June 2016	Sinosure	None
VimpelCom[(6)].	Loan from Svenska Handelsbanken	LIBOR plus 0.325%	US$10.0	May 20, 2011	EKN	None
Unitel	Equipment financing agreement with Huawei	8.0%	US$6.4	Various dates through 2010	None	Network equipment
Other loans, equipment financing and capital lease obligations	–	–	US$12.6	–	–	–

(1) Full amount outstanding under this loan agreement was prepaid on December 9, 2010.

(2) Full amount outstanding under this loan agreement was prepaid on October 15, 2010.

(3) On December 17, 2010, VimpelCom signed a five-year loan agreement with Sberbank in the amount of US$250.0 million to be drawn down in Russian rubles at the exchange rate at the date of the drawdown. The loan bears interest at a rate of 8.75% per annum and matures on December 16, 2015. Under the terms of the loan agreement, the interest rate may be increased up to 9.5% upon the occurrence of certain events. On December 23, 2010, VimpelCom drew down the loan in the amount of RUR 7,679.7 million and used the proceeds to fully repay before maturity the outstanding balance, including the accrued interest, under the loan agreement with Sberbank signed on March 10, 2009 in the amount of US$250.0 million.

(4) Full amount outstanding under this loan agreement was prepaid on October 27, 2010.

(5) Full amount outstanding under this loan agreement was prepaid on November 30, 2010.

(6) Full amount outstanding under this loan agreement was prepaid on November 22, 2010.

2010. On October 19, 2010, LLC VimpelCom-Invest, our consolidated Russian subsidiary, issued Russian ruble-denominated bonds in an aggregate principal amount of RUR 20.0 billion, which is the equivalent of approximately US$655.0 million at the October 19, 2010 Central Bank of Russia exchange rate. The bonds are guaranteed by our company, have a five-year maturity and bear an annual interest rate of 8.3%. The proceeds of that offering will be used for financing development and expansion of our core business.

On November 13, 2010, our board of directors approved convocation of an Extraordinary General Meeting of Shareholders of the company, or EGSM, to vote on an interim dividend payment based on the operating results for the nine months ending on September 30, 2010. Our board recommended that the EGSM approve interim dividends based on the operating results for the nine months ending on September 30, 2010 (calculated in accordance with Russian statutory accounting principles) in the amount of RUR 394.00 per common share, which is the equivalent of US$12.8 at the Central Bank of Russia exchange rate as of November 13, 2010 (for a total of RUR 20,204.7 million, which is the equivalent of US$656.6 million at the Central Bank of Russia exchange rate as of November 13, 2010, for all common registered shares in the aggregate). The approval of the shareholders owning more than 50.0% of the voting shares represented at the EGSM is required for the payment of dividends by our company. Our parent company, VimpelCom Ltd., directly and indirectly owns 100.0% of our outstanding share capital. VimpelCom Ltd. simultaneously announced that its supervisory board has declared a dividend of US$0.46 per common share to its shareholders.

On December 7, 2010, the EGSM was held, and the requisite shareholder approval was obtained for the payment of an interim dividend in the amount recommended by our board.

We may from time to time seek to purchase our outstanding debt through cash purchases and/or exchanges for new debt securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Investing Activities

Our investing activities included payments related to the purchase of equipment, telephone line capacity, buildings and other assets as a part of the ongoing development of our mobile networks and fixed-line business. In the first nine months of 2010, our total payments for purchases of property and equipment, intangible assets, software and other non-current assets were US$850.0 million compared to US$653.4 million in the first nine months of 2009. In 2009, our total payments for purchases of property and equipment, intangible assets, software and other non-current assets were approximately US$932.4 million, compared to US$2,444.6 million during 2008 and US$1,690.7 million during 2007. In the first nine months of 2010, we paid US$36.4 million for the acquisition

of Closed Joint Stock Company Foratec Communication, or Foratec, and US$143.6 million to a former Golden Telecom shareholder in connection with a litigation related to the tender offer pursuant to which our company acquired Golden Telecom. In 2009, we did not have any payments in respect of acquisitions, compared to US$4,134.6 million during 2008 and US$301.3 million during 2007.

Acquisitions and dispositions. Our significant acquisitions and dispositions during the three years ended December 31, 2009 and the nine months ended September 30, 2010 are summarized below.

In April 2007, VimpelCom entered into an agreement to sell a 33.3% ownership interest in its wholly-owned subsidiary, Freevale, for a sale price of US$20.0 million. Freevale Enterprises owns 21.0% of Unitel. The sale effectively represents 7.0% of Unitel. The transaction was finalized on June 14, 2007. In connection with this agreement, the purchaser granted us an option to acquire the entire remaining interest held by the purchaser and, simultaneously, we granted the purchaser an option to sell to us the entire remaining interest held by the purchaser.

On April 18, 2007, we acquired the remaining 10.0% of ArmenTel that the Government of Armenia had owned. The purchase price of the additional 10.0% was US$55.9 million, which constitutes approximately 1/9th of the final price paid by us for the 90.0% of the shares of ArmenTel when we acquired ArmenTel in November 2006. In addition, in the third quarter of 2007 we paid a purchase price adjustment of approximately US$0.7 million representing 10.0% of the undistributed net profit of ArmenTel for the period from December 1, 2006 to March 31, 2007.

On August 13, 2007, we acquired Closed Joint Stock Company "Corporation Severnaya Korona", or CSK, which holds GSM 900/1800 and D-AMPS licenses covering the Irkutsk Region. We acquired 100.0% of the shares of CSK for approximately US$235.5 million. At the time of its acquisition, CSK had approximately 571,000 subscribers.

On December 21, 2007, two of our subsidiaries and Golden Telecom, a leading provider of fixed-line telecommunications and Internet services in major population centers throughout Russia and other countries in the CIS, signed a definitive merger agreement pursuant to which an indirect wholly-owned subsidiary of our company commenced a tender offer on January 18, 2008, to acquire 100.0% of the outstanding shares of Golden Telecom's common stock at a price of US$105.0 per share in cash. The initial tender offer period and subsequent tender offer period closed on February 26, 2008, with 94.4% of the outstanding shares of Golden Telecom's common stock being tendered. On February 28, 2008, our indirect wholly owned subsidiary was merged with and into Golden Telecom, and Golden Telecom became our indirect wholly owned subsidiary. The total purchase price for 100.0% of the shares of Golden Telecom was US$4,316.2 million. In connection with the merger, the outstanding and unvested employee stock options and stock appreciation rights relating to Golden Telecom's common stock were converted into the right to receive US$105.0 in cash, less the exercise price relating to such options, and US$53.8 in cash less the exercise price relating to such rights, respectively. The right to receive such payments continues to vest in accordance with the original vesting schedules for such options and rights respectively.

On June 11, 2008, we increased our share of ownership in Closed Joint Stock Company Cortec, or Corbina Telecom, a 51.0% subsidiary of Golden Telecom, by acquiring the remaining 49.0% from Inure Enterprises Ltd. for US$404.0 million and US$4.2 million of costs related to acquisition. As a result of this acquisition, together with our subsidiary Sovintel, we owned 100.0% of the shares of Corbina Telecom. On November 24, 2010, Sovintel and Corbina Telecom merged with and into our company. The step acquisition on June 11, 2008 was recorded under the purchase method of accounting. Our financial results reflect the allocation of the purchase price based on a fair value assessment of the assets acquired and liabilities assumed, and as such, we have assigned US$68.1 million to intangible assets which will be amortized over a weighted average period of approximately 12 years, recording of a deferred tax liability in the amount of US$17.3 million and adjusted minority interest by US$40.4 million. The total fair value of identifiable net assets acquired amounted to US$95.3 million. The excess of the acquisition cost over the fair value of identifiable net assets of Corbina Telecom amounted to US$312.9 million and was assigned to Russia fixed reporting unit.

On July 8, 2008 VimpelCom and our wholly owned direct subsidiary Ararima Enterprises Limited (Cyprus), or Ararima, signed a Joint Venture and Shareholders Agreement, referred to as the JVA, to establish a mobile telecommunications joint venture in Vietnam under the name of GTEL-Mobile Joint Stock Company, or GTEL-Mobile. The other participants in GTEL-Mobile are Global Telecommunications Corporation, or GTEL, a Vietnamese state-owned enterprise and GTEL TSC, a subsidiary of GTEL. Subject to the conditions contained in the JVA and in accordance with the Vietnamese investment laws, Ararima received a 40.0% voting and economic

interest in GTEL-Mobile in consideration for an equity investment of US$266.7 million that has been paid in full. GTEL and GTEL TSC have equity interests in GTEL-Mobile of 51.0% and 9.0%, respectively. GTEL-Mobile has received all of the regulatory approvals required under the JVA, including the registration of the GTEL-Mobile's GSM license and related frequencies.

On July 16, 2008, VimpelCom through Ararima acquired an indirect 90.0% voting and economic interest in the Cambodian company Sotelco Ltd., which holds a GSM 900-1800 license and related frequencies for the territory of Cambodia. The transaction was made through the purchase of 90.0% of Sotelco's parent company, Atlas Trade Limited (BVI), or Atlas, for US$28.0 million from Altimo Holdings and Investments Limited, or Altimo, a related party of VimpelCom. The remaining 10.0% of Atlas is owned by a local partner, a Cambodian entrepreneur. VimpelCom has also acquired a call option to purchase the 10.0% interest of the local partner. The acquisition of Sotelco was accounted for as an asset purchase of the telecom license through a variable interest entity. On acquisition, we allocated approximately US$41.6 million to license, US$8.3 million to deferred tax liability and US$5.1 million to noncontrolling interest.

On October 23, 2008, VimpelCom through its subsidiary Ararima acquired 49.9% of the outstanding shares of Morefront Holdings Ltd., or Morefront, from Rambert Management Ltd., or Rambert, for approximately US$226.0 million. Morefront owns 100.0% of Euroset. As part of the transaction, VimpelCom has agreed on put and call options exercisable after three years with respect to a further 25.0% less one share of Morefront owned by Rambert and call options exercisable in the event of a change of control over Rambert or a deadlock, in each case with respect to all remaining shares of Morefront owned by Rambert.

On July 29, 2010, VimpelCom acquired 100.0% of the share capital of Foratec, one of the leading alternative fixed-line providers in the Urals region of Russia. The total purchase price was the RUR equivalent of approximately US$37.1 million (based on the Central Bank Exchange rate as of July 29, 2010).

Other acquisitions and dispositions. On July 1, 2008, we exercised our option to acquire an additional 25.0% less one share of Limnotex Developments Limited, or Limnotex, for US$561.8 million. Limnotex is the parent company of KaR-Tel, our operating subsidiary in Kazakhstan. As a result of the exercise, our overall direct and indirect share stake in Limnotex increased from 50.0% plus one share to 75.0%. The acquisition was recorded as step acquisition under the purchase method of accounting. Our financial results reflect the allocation of the purchase price based on a fair value assessment of the assets acquired and liabilities assumed, and as such, we have assigned US$147.7 million to intangible assets which will be amortized over a weighted average period of approximately seven years, recording of a deferred tax liability in the amount of US$42.8 million and adjusted noncontrolling interest by US$153.9 million. The fair value of acquired identifiable net assets amounted to US$99.9 million. The excess of the acquisition cost over the fair market value of the identifiable net assets amounted to US$309.4 million. This amount was recorded as goodwill, was assigned to the Kazakhstan reporting unit and is subject to annual impairment tests. To ensure a path to complete ownership over KaR-Tel, in June 2008, we amended our existing contractual arrangements with Crowell Investments Limited, or Crowell, to include new put and call option arrangements with respect to the remaining 25.0% share in Limnotex held by Crowell. The put option was initially exercisable by Crowell between January 1, 2010 and December 31, 2010, at a price of US$550.0 million in the aggregate. The call option was initially exercisable by our company any time between the date of delivery of KaR-Tel's 2008 audited financial statements and December 31, 2011, at a price determined by a fair value-based pricing mechanism. We were required to exercise the call option in full by December 31, 2011. On May 29, 2009, the terms of the contractual redemption arrangements that had been agreed in June 2008 were further amended such that the put option is now exercisable between January 1, 2013 and December 31, 2013. The call option is now exercisable any time between the date of delivery of KaR-Tel's 2011 financial statements and three years after that date, and we are required to exercise the call option in full on a date which is after the delivery of KaR-Tel's 2014 financial statements.

During 2008, we completed several small acquisitions of fixed-line telecommunication operators in different regions of Russia with total consideration of US$32.2 million. The acquisitions were recorded under the purchase method of accounting. The fair value of acquired identifiable net assets of the acquired companies amounted to US$21.9 million and adjusted minority interest by US$11.7 million. The excess of the acquisition cost over the fair market value of the identifiable net assets amounted to US$10.3 million. This amount was recorded as goodwill and was mainly assigned to the Russia fixed reporting unit and is subject to annual impairment tests.

On September 16, 2009, we signed an agreement for the acquisition of a 78.0% stake in Millicom Lao Co., Ltd., a mobile telecommunications operator with operations in the Lao PDR, from Millicom and Cameroon Holdings B.V. (Netherlands). The remaining 22.0% of Millicom Lao Co. is owned by the government of the Lao PDR, as represented by the ministry of finance. The purchase price for the acquisition will be determined on the completion date and will be based on an enterprise value of Millicom Lao Co. of US$102.0 million. The transaction has not yet been closed by us due to the absence of an endorsement from the Lao government. On March 31, 2010, Millicom notified us that we had not completed the agreement to acquire Millicom's 74.1% holding in Millicom Lao Co., Ltd. despite all conditions precedent having been met. On April 16, 2010, we responded to this letter explaining that we are attempting to resolve outstanding matters with the Lao government. On May 11, 2010, Millicom sent us another letter saying that although they are prepared to continue discussions, they reserve their rights under the terms of the agreement, including the right to commence legal proceedings in relation to our breaches of obligations under the agreement. We continue to seek the endorsement of the Lao government, however, there is no assurance that we will receive the endorsement and complete the transaction. If we do not complete the transaction, Millicom may bring an action against us. For information relating to the risks associated with this transaction, see the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—We may not realize the anticipated benefits from acquisitions and we may assume unexpected or unforeseen liabilities and obligations or incur greater than expected liabilities in connection with acquisitions."

On July 30, 2010, VimpelCom increased its ownership interest in Tacom from 80.0% to 90.0% by acquiring an additional 10.0% ownership interest for US$10.3 million.

Other investing activities. On February 13, 2008, VimpelCom advanced to Crowell a loan in the principal amount of US$350.0 million. The loan agreement was entered into after Crowell acquired the entire issued share capital of Menacrest Limited, or Menacrest, which is the parent company of LLC Sky Mobile, or Sky Mobile, a mobile operator in Kyrgyzstan. Crowell granted us two call options over the entire issued share capital of Menacrest. The loan has been recorded in long-term loans receivable and related accrued interest of US$26.7 million has been recorded in other current assets.

On October 20, 2010, we exercised one of the call options and acquired 50.1% of the issued share capital of Menacrest. The purchase price was US$150.3 million and was paid by set off against part of the debt of Crowell to our company under the Crowell Loan Agreement.

Future Liquidity and Capital Requirements

Telecommunications service providers require significant amounts of capital to construct networks and attract subscribers. In the foreseeable future, our further expansion will require significant investment activity, including the purchase of equipment and possibly the acquisition of other companies.

Our capital expenditures include purchases of new equipment, new construction, upgrades, software, other long lived assets and related reasonable costs incurred prior to intended use of the non current assets, accounted at the earliest event of advance payment or delivery. Long-lived assets acquired in business combinations are not included in capital expenditures. Our capital expenditures during the first nine months of 2010 were approximately US$993.4 million compared to US$391.3 million during the first nine months of 2009. During 2009, our capital expenditures were approximately US$814.1 million compared to approximately US$2,570.8 million during 2008 and US$1,772.8 million during 2007. The increase in capital expenditures in the first nine months of 2010 compared to the first nine months of 2009 is primarily due to our management's decision to increase capital expenditures as a result of improved economic conditions in most of the markets where we operate. The lower capital expenditure in 2009 compared to 2008 and 2007 was mainly due to adverse economic conditions and historical traffic trends in response to which our management took a more cautious approach to capital investments and to internal targets for return on capital investments. The decline in 2009 capital expenditures in U.S. dollar reporting currency terms is also linked to the devaluation of the functional currencies of many of VimpelCom's subsidiaries, which made some capital expenditures in functional currencies. Our capital expenditures do not include investments made through acquisition of interests in other entities.

Our management expects our total capital expenditures in 2010 to be approximately 20.0% of our 2010 consolidated net operating revenues, including a significant increase in capital expenditures during the last quarter of 2010. We expect that our capital expenditures for the last three months of 2010 will mainly consist of network roll-out for both 2G and 3G and maintenance expenditures. In the nine months ended September 30, 2010 and the years ended December 31, 2009, 2008 and 2007, our capital expenditures were 14.0%, 9.4%, 25.4% and 24.7% of our consolidated net operating revenues, respectively. The actual amount of our capital expenditures for 2010 will depend on market development and our performance.

Our management anticipates that the funds necessary to meet our current capital requirements and those to be incurred in the foreseeable future (including with respect to any possible acquisitions) will come from:

- cash we currently hold;
- operating cash flows;
- export credit agency guaranteed financing;
- borrowings under bank financings, including credit lines currently available to us;
- syndicated loan facilities; and
- debt financings from Russian and international capital markets.

Our management believes that funds from a number of these sources, coupled with cash on hand, will be sufficient to meet our projected capital requirements for the next twelve months. As of November 15, 2010, we had nil available to us under existing credit lines.

Our management expects positive cash flows from operations will continue to provide us with internal sources of funds. The availability of external financing is difficult to predict because it depends on many factors, including the success of our operations, contractual restrictions, availability of guarantees from export credit agencies, the financial position of international and Russian banks, the willingness of international banks to lend to Russian companies and the liquidity of international and Russian capital markets. The actual amount of debt financing that we will need to raise will be influenced by the financing needs of VimpelCom Ltd., if completed, the terms of the Weather Transaction, the actual pace of traffic growth over the period, network construction, our acquisition plans and our ability to continue revenue growth and stabilize ARPU. For related risks, see the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—Substantial leverage and debt service obligations may materially adversely affect our cash flow" and "—We may not be able to raise additional capital."

Contractual Obligations

As of December 31, 2009, we had the following contractual obligations, including long-term debt arrangements, equipment financing, capital leases, and commitments for future payments under non-cancelable lease arrangements and purchase obligations. We expect to meet our payment requirements under these obligations with cash flows from our operations and other financing arrangements. For information relating to our outstanding indebtedness subsequent to December 31, 2009, see "—Financing Activities".

	Payments due by period (in millions of U.S. dollars)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations[1]					
Long-term debt[2]	7,086.0	1,729.3	2,586.5	1,170.2	1,600.0
Equipment financing[3]	262.7	79.9	108.0	51.7	23.1
Capital lease obligations[3]	4.3	4.0	0.3	–	–
Non-cancelable lease obligations	71.6	14.0	21.6	12.3	23.8
Purchase obligations[4]	120.6	98.3	20.8	0.3	1.2
Other long-term liabilities	–	–	–	–	–
Total	7,545.2	1,925.5	2,737.1	1,234.4	1,648.1

(1) Debt payments could be accelerated upon violation of debt covenants.

(2) Long-term debt includes only principal amounts. For further information on interest rates on our long-term debt, see "—Financing Activities" above. Loans from UBS (Luxembourg) S.A. and VIP Finance Ireland Ltd. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A. and VIP Finance Ireland Ltd., respectively) are included under long-term debt.

(3) Amounts include principal and accrued interest.

(4) Purchase obligations primarily include our material contractual legal obligations for the future purchase of equipment and services. On August 13, 2008, the company entered into an agreement with Apple Sales International, or Apple, to purchase 1.5 million iPhone handsets under the quarterly purchase installments over a two year period beginning with commercial launch in the fourth quarter 2008. In 2009 and 2008, we made 0.5% and 12.0% of our total purchase installment contemplated by the agreement, respectively. In January and February 2010, we made 1.6% of our total purchase installment contemplated by the agreement. The amounts do not include our obligation, if any, to purchase iPhones under our agreement with Apple as we are unable to estimate the amount of such obligation.

Other than the long-term debt obligations described in the above under "—Financing Activities", in the nine months ended September 30, 2010 we have not had any material changes outside the ordinary course of our business in the specified contractual obligations.

Basis of Presentation of Financial Results

We maintain our records and prepare our statutory financial statements in accordance with Russian accounting principles and tax legislation and in accordance with U.S. GAAP. Our subsidiaries outside of Russia record and prepare their statutory financial statements in accordance with local accounting principles and tax legislation and in accordance with U.S. GAAP. Our audited consolidated financial statements have been prepared in accordance with U.S. GAAP. They differ from our financial statements issued for statutory purposes. The principal differences relate to:

- revenue recognition;
- recognition of interest expense and other operating expenses;
- valuation and depreciation of property and equipment;
- foreign currency translation;
- deferred income taxes;
- capitalization and amortization of telephone line capacity;
- valuation allowances for unrecoverable assets;
- stock based compensations;
- business combinations; and
- consolidation and accounting for subsidiaries.

Our unaudited condensed consolidated financial statements set forth elsewhere in this prospectus include the accounts of our company and our consolidated subsidiaries. All inter-company accounts and transactions have been eliminated. We have used the equity method of accounting for companies in which our company has significant influence. Generally, this represents voting stock ownership of at least 20.0% and not more than 50.0%.

We and our subsidiaries paid taxes computed on income reported for local statutory tax purposes. We based this computation on local statutory tax rules, which differ substantially from U.S. GAAP. Certain items that are capitalized under U.S. GAAP are recognized under local statutory accounting principles as an expense in the year paid. In contrast, numerous expenses reported in the financial statements prepared under U.S. GAAP are not tax deductible under local legislation. As a consequence, our effective tax charge was different under local tax rules and under U.S. GAAP.

Certain Factors Affecting Our Financial Position and Results of Operations

Our financial position and results of operations for the first nine months of 2010 as reflected in our unaudited condensed consolidated financial statements included elsewhere in this prospectus have been influenced by the following additional factors:

Inflation

Russia has experienced periods of high levels of inflation since the early 1990s. In 2006, we introduced a number of Russian ruble-denominated tariff plans, which could expose us to additional inflationary risk. Please also see the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—Sustained periods of high inflation may materially adversely affect our business." Inflation affects the purchasing power of our mass market subscribers. For the nine months ended September 30, 2010 and the years ended December 31, 2009, 2008 and 2007, Russia's inflation rates were 6.2%, 8.8%, 13.3% and 11.9%, respectively. For the nine months ended September 30, 2010 and the years ended December 31, 2009, 2008 and 2007, inflation rates in Ukraine were 7.4%, 12.3%, 22.3% and 16.6%, respectively, in Kazakhstan 5.2%, 6.2%, 9.5% and 18.8%, respectively, in Uzbekistan 4.2%, 7.4%, 7.8% and 6.8%, respectively, in Armenia 7.8%, 3.4%, 5.5% and 6.6%, respectively, in Tajikistan were 6.7%, 5.0%, 11.8% and 19.7%, respectively, in Georgia were 6.0%, 3.0%, 5.5% and 11.0%, respectively, and in Cambodia 4.2%, 5.3%, 19.7% and 4.7%, respectively.

Foreign Currency Translation

Our unaudited condensed consolidated financial statements included elsewhere in this prospectus are presented in U.S. dollars. Amounts included in these financial statements were presented in accordance with ASC—830, Foreign Currency Matters, using the current rate method of currency translation with the U.S. dollar as the reporting currency. The current rate method assumes that assets and liabilities measured in the functional currency are translated into U.S. dollars at exchange rates prevailing on the balance sheet date; whereas revenues, expenses, gains and losses are translated into U.S. dollars at historical exchange rates prevailing on the transaction dates. We translate income statement amounts using the average exchange rates for the period. Translation adjustments resulting from the process of translating financial statements into U.S. dollars are reported in accumulated other comprehensive income, a separate component of equity.

Russia. The national currency of Russia is the Russian ruble. We have determined that the functional currency for Russia is the Russian ruble. As of September 30, 2010 and December 31, 2009, 2008 and 2007, the official Central Bank of Russia Russian ruble-U.S. dollar exchange rates were 30.403, 30.2442, 29.3804 and 24.5462 Russian rubles per U.S. dollar, respectively. During the nine months ended September 30, 2010, the average Russian ruble-U.S. dollar exchange rate was 6.9% higher than the average Russian ruble-U.S. dollar exchange rate during the nine months ended September 30, 2009. During 2009, the average Russian ruble-U.S. dollar exchange rate was 27.7% lower than the average Russian ruble-U.S. dollar exchange rate during 2008. During 2008, the average Russian ruble-U.S. dollar exchange rate was 2.9% higher than the average Russian ruble-U.S. dollar exchange rate during 2007.

Kazakhstan. The national currency of the Republic of Kazakhstan is the Kazakh tenge. We have determined that the functional currency of our subsidiary in Kazakhstan is the Kazakh tenge, as it reflects the economic substance of the underlying events and circumstances of the company. The Kazakh tenge is not a convertible currency outside Kazakhstan. As of September 30, 2010 and December 31, 2009, 2008 and 2007, the official National Bank of Kazakhstan tenge-U.S. dollar exchange rates were 147.47, 148.36, 120.77 and 120.55 Kazakh tenge per U.S. dollar, respectively. During the nine months ended September 30, 2010, the average Kazakh tenge-U.S. dollar exchange rate was 0.4% lower than the average Kazakh tenge-U.S. dollar exchange rate during the nine months ended September 30, 2009. During 2009 the average Kazakh tenge-U.S. dollar exchange rate was 22.6% lower than the average Kazakh tenge-U.S. dollar exchange rate during 2008. During 2008 the average Kazakh tenge-U.S. dollar exchange rate was 1.8% higher than the average Kazakh tenge-U.S. dollar exchange rate during 2007.

Ukraine. The national currency of Ukraine is the Ukrainian hryvnia. We have determined that the functional currency of our subsidiary in Ukraine is the Ukrainian hryvnia, as it reflects the economic substance of the underlying events and circumstances of the company. The Ukrainian hryvnia is not a convertible currency outside Ukraine. As of September 30, 2010 and as of December 31, 2009 and 2008, the official National Bank of Ukraine hryvnia-U.S. dollar exchange rates were 7.914, 7.985 and 7.70 Ukrainian hryvnia per U.S. dollar, respectively. During the nine months ended September 30, 2010, the average Ukrainian hryvnia-U.S. dollar exchange rate was 2.75% higher than the average Ukrainian hryvnia-U.S. dollar exchange rate during the nine months ended September 30, 2009. During 2009 the average Ukrainian hryvnia-U.S. dollar exchange rate was 47.9% lower than the average hryvnia-U.S. dollar exchange rate during 2008. During 2008 the average Ukrainian hryvnia-U.S. dollar exchange rate was 4.3% lower than the average Ukrainian hryvnia-U.S. dollar exchange rate during 2007.

Tajikistan. The national currency of Tajikistan is the Tajik somoni. We have determined that the functional currency of our subsidiary in Tajikistan is the U.S. dollar, as it reflects the economic substance of the underlying events and circumstances of the company. The Tajik somoni is not a convertible currency outside Tajikistan.

Uzbekistan. The national currency of Uzbekistan is the Uzbek sum. We have determined that the functional currency of our subsidiary in Uzbekistan is the U.S. dollar, as it reflects the economic substance of the underlying events and circumstances of the company. The Uzbek sum is not a convertible currency outside Uzbekistan.

Armenia. The national currency of Armenia is the Armenian dram. We have determined that the functional currency of our subsidiary in Armenia is the Armenian dram, as it reflects the economic substance of the underlying events and circumstances of the company. The Armenian dram is not a convertible currency outside Armenia. As of September 30, 2010 and as of December 31, 2009 and 2008, the official Central Bank of Armenia Armenian dram-U.S. dollar exchange rates were 361.31, 377.89, 306.73 and 304.57 Armenian drams per U.S. dollar, respectively. During the nine months ended September 30, 2010, the average Armenian dram-U.S. dollar exchange rate was 6.1% lower than the average Armenian dram-U.S. dollar exchange rate during the nine months ended September 30, 2009. During 2009 the average Armenian dram-U.S. dollar exchange rate was 18.7% lower than the average Armenian dram-U.S. dollar exchange rate during 2008. During 2008 the average Armenian dram-U.S. dollar exchange rate was 10.6% higher than the average Armenian dram-U.S. dollar exchange rate during 2007.

Georgia. The national currency of Georgia is the Georgian lari. We have determined that the functional currency of our subsidiary in Georgia is the Georgian lari, as it reflects the economic substance of the underlying events and circumstances of the company. The Georgian lari is not a convertible currency outside Georgia. As of September 30, 2010 and December 31, 2009 and 2008, the official Georgian lari-U.S. dollar exchange rates were 1.8064, 1.6858, 1.6670 and 1.5916 lari per U.S. dollar, respectively. During the nine months ended September 30, 2010, the average Georgian lari-U.S. dollar exchange rate was 7.0% lower than the average Georgian lari-U.S. dollar exchange rate during the nine months ended September 30, 2009. During 2009, the average Georgian lari-U.S. dollar exchange rate was 12.1% lower than the average Georgian lari-U.S. dollar exchange rate during 2008. During 2008, the average Georgian lari-U.S. dollar exchange rate was 10.8% higher than the average Georgian lari-U.S. dollar exchange rate during 2007.

Kyrgyzstan. As of September 30, 2010 the official Kyrgyzstan som-U.S. dollar exchange rate was 46.63 per U.S. dollar. During the nine months ended September 30, 2010, the average Kyrgyzstan som—U.S. dollar exchange rate was 45.66 som per U.S. dollar.

Cambodia. We have determined that the functional currency of our subsidiary in Cambodia is the U.S. dollar, as it reflects the economic substance of the underlying events and circumstances of the company.

Conversion of foreign currencies that are not convertible outside the applicable country to U.S. dollars or other foreign currency should not be construed as a representation that such currency amounts have been, could be, or will be in the future, convertible into U.S. dollars or other foreign currency at the exchange rate shown, or at any other exchange rates.

We have implemented a number of risk management activities to minimize currency risk and exposure in Russia and certain of the other countries in which we operate, as further described below under "—Quantitative and Qualitative Disclosures about Market Risk."

Recent Accounting Pronouncements

See note 1 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

Off-balance Sheet Arrangements

From time to time, we may enter into guarantee arrangements on behalf of our parent companies, including debt guarantees. These guarantee arrangements enhance the credit standing of our parent companies, enabling our parent companies to borrow money for general corporate and other purposes. As such, these guarantee arrangements may involve elements of performance and credit risk for our company, which will not be included on our consolidated balance sheets. The possibility of us having to perform under any guarantee we issue on behalf of our parent companies is largely dependent upon the future performance of our parent, investees and other third parties, or the occurrence of certain future events. Issuance of these guarantees is not required for our operations. Thus, if we do not enter into these guarantee arrangements, there would not be a material impact to our consolidated results of operations, cash flows or financial condition. However, any guarantees issued by us on behalf of our parent companies may increase our potential exposure in the event of a default by our parent companies, which could have a material adverse effect on our future financial condition and results of operations, as well as a negative impact on our liquidity.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from adverse movements in foreign currency exchange rates and changes in interest rates on our obligations. In accordance with our policies, we do not enter into any treasury management transactions of a speculative nature.

Historically, our tariff plans for mobile services in Russia, our biggest market, have been linked to the U.S. dollar. However, in 2006, we introduced a number of Russian ruble-denominated tariff plans and fixed our Russian ruble/U.S. dollar exchange rate at 28.7 for all U.S. dollar linked tariff plans. In 2006, we also changed the functional currency of our Russian operations from the U.S. dollar to the Russian ruble and in the third and fourth quarters of 2006, amended the terms of most of our supplier agreements for payment to be made in Russian rubles instead of U.S. dollars. Nonetheless, a significant amount of our costs, expenditures and liabilities continue to be denominated in U.S. dollars. We are required to collect revenues from our subscribers and from other Russian telecommunications operators for interconnect charges in Russian rubles. We hold part of our readily available cash in U.S. dollars and Euros in order to manage against the risk of ruble devaluation. In 2008 and 2009, we entered into forward, swap and option agreements (to buy U.S. dollars for Russian rubles) with BNP Paribas, Citibank, Deutsche Bank, VTB and certain other banks to economically hedge our obligations. In accordance with our treasury policy, we economically hedged a significant portion of our financial obligations due in 2010. Nonetheless, if the U.S. dollar or Euro value of the Russian ruble were to dramatically decline, we could have difficulty repaying or refinancing our foreign currency denominated indebtedness. An increase in the Russian ruble value of the U.S. dollar or Euro could, unless effectively hedged, result in a net foreign exchange loss due to an increase in the Russian ruble value of our U.S. dollar or Euro denominated liabilities. Accordingly, fluctuations in the value of the Russian ruble against the U.S. dollar or the Euro could adversely affect our financial condition and results of operations.

In order to minimize our foreign exchange exposure to fluctuations in the Russian ruble exchange rate, we are migrating some of our U.S. dollar based costs to Russian ruble based costs to balance assets and liabilities and revenues and expenses denominated in Russian rubles. However, this migration might increase our cost exposure to Russian ruble inflationary pressure. Some of our equipment financing obligations are denominated in Euros, which exposes us to risks associated with the changes in Euro exchange rates. Our treasury function has developed risk management policies that establish guidelines for limiting foreign currency exchange rate risk. For more information on risks associated with exchange rates, see the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—Fluctuations in the value of the Russian ruble and CIS currencies against the U.S. dollar, as well as our ability to convert our revenues, could materially adversely affect our business, financial condition and results of operations."

The following table summarizes information, as of September 30, 2010, about the maturity of our financial instruments that are sensitive to foreign currency exchange rates, including foreign currency denominated debt obligations (in millions of U.S. dollars):

	Aggregate nominal amount of total debt denominated in foreign currency outstanding as of December 31,							Fair Value as of September 30,
	2010	2011	2012	2013	2014	2015	2016	2010
Total debt:								
Fixed Rate (US$)	2,836.0	2,650.7	2,400.6	1,600.0	1,600.0	1,600.0	1,000.0	3,213.2
Average interest rate	8.6%	8.6%	8.7%	8.8%	8.8%	8.8%	9.1%	–
Variable Rate (€)	305.6	–	–	–	–	–	–	471.5
Average interest rate	3.2%		–	–	–	–	–	–
Variable Rate (US$)	727.5	182.5	97.0	68.27	39.5	10.8	–	790.1
Average interest rate	2.0%	2.5%	3.0%	3.0%	3.0%	3.0%	–	–
	3,869.1	**2,833.2**	**2,497.6**	**1,668.2**	**1,639.5**	**1,610.8**	**1,000.0**	**4,474.9**

VimpelCom USD/RUB zero-cost collars Derivative Instruments

As of September 30, 2010, the total notional amount of our derivative instruments, consisting of a Sovintel interest rate swap instrument, amounted to US$103.9 million. This derivative is considered to be an economic hedge, but for financial accounting purposes it has not been accounted for as a hedge. Sovintel fully exercised the swap on October 25, 2010.

Type of derivative	Hedged Risk	Notional amount	Mark to Market Spot (Clean Price) as of September 30, 2010
		(US$ in millions)	
Interest Rate Swaps		**103.9**	**(1.2)**
Swap agreement to transfer floating U.S. dollars interest rate (LIBOR 3M) to a fixed interest rate of 4.355% in the event the LIBOR 3M floating rate is equal to no greater than 5.4%	Interest Rate Risk	103.9	(1.2)

Our cash and cash equivalents are not subject to any material interest rate risk.

OUR COMPANY

Overview

We are a telecommunications operator, providing voice and data services through a range of mobile, fixed and broadband technologies. The VimpelCom group of companies includes companies operating in Russia, Kazakhstan, Ukraine, Uzbekistan, Armenia, Tajikistan, Georgia, Kyrgyzstan and in the Kingdom of Cambodia. We also own 40.0% of an operator in the Socialist Republic of Vietnam. The operations of these companies cover a territory with a total population of approximately 345.0 million. On August 6, 2010, as a result of the VimpelCom Ltd. Transaction we became a wholly owned subsidiary of VimpelCom Ltd.

Our net operating revenues were US$8,702.9 million for the year ended December 31, 2009, compared to US$10,116.9 million for the year ended December 31, 2008, and US$7,095.8 million for the nine months ended September 30, 2010, compared to US$6,394.3 million for the nine months ended September 30, 2009. Our operating income was US$2,578.4 million for the year ended December 31, 2009, compared to US$2,536.0 million for the year ended December 31, 2008, and US$2,085.9 million for the nine months ended September 30, 2010, compared to US$1,970.5 million for the nine months ended September 30, 2009. Our net income attributable to VimpelCom was US$1,121.8 million for the year ended December 31, 2009, compared to US$524.3 million for the year ended December 31, 2008, and US$1,168.8 million for the nine months ended September 30, 2010, compared to US$838.4 million for the nine months ended September 30, 2009.

As of September 30, 2010, our total number of mobile subscribers in Russia, the CIS and Cambodia was 69.4 million (including 51.6 million in Russia, 6.7 million in Kazakhstan, 4.4 million in Uzbekistan, 2.5 million in Ukraine, 0.6 million in Armenia, 0.8 million in Tajikistan, 0.5 million in Georgia, 1.8 million in Kyrgyzstan and 0.5 million in Cambodia). As of September 30, 2010, we had approximately 3.1 million residential broadband subscribers. As of September 30, 2009, our total number of mobile subscribers in Russia, CIS and the Cambodia was 64.6 million (including 50.9 million in Russia, 6.1 million in Kazakhstan, 3.5 million in Uzbekistan, 2.0 million in Ukraine, 0.6 million in Armenia, 0.7 million in Tajikistan and 0.4 million in Georgia and 0.4 million in Cambodia). As of September 30, 2009, we had approximately 1.9 million residential broadband subscribers.

As of December 31, 2009, our total number of mobile subscribers in Russia, the CIS and Cambodia was 64.6 million (including 50.9 million in Russia, 6.1 million in Kazakhstan, 3.5 million in Uzbekistan, 2.0 million in Ukraine, 0.5 million in Armenia, 0.7 million in Tajikistan, 0.4 million in Georgia and 0.4 million in Cambodia). As of December 31, 2009, we had approximately 2.3 million residential broadband subscribers. As of December 31, 2008, our total number of mobile subscribers in Russia and the CIS was 61.0 million (including 47.7 million in Russia, 6.3 million in Kazakhstan, 3.6 million in Uzbekistan, 2.1 million in Ukraine, 0.5 million in Armenia, 0.6 million in Tajikistan and 0.2 million in Georgia). As of December 31, 2008, we had approximately 1.2 million residential broadband subscribers.

We currently operate our telecommunications services in Russia, Kazakhstan, Ukraine, Armenia, Tajikistan, Uzbekistan, Georgia, Kyrgyzstan, Cambodia and Vietnam primarily under the "Beeline" brand name.

History and Development

Our company is an open joint stock company organized under the laws of the Russian Federation with the legal name Open Joint Stock Company "Vimpel-Communications." Our company was registered in the Russian Federation on September 15, 1992 as a closed joint stock company and re-registered as an open joint stock company on July 28, 1993. On August 28, 2002, our company was re-registered as an open joint stock company under registration number 1027700166636. Our registered offices are located at 10, Ulitsa 8-Marta, Building 14, Moscow, Russian Federation 127083. Our telephone number is +7 (495) 725 0700.

In November 1996, we became the first Russian company since 1903 to list shares on the New York Stock Exchange ("NYSE"). As discussed further below, on May 14, 2010, our American Depositary Shares, or ADSs, were delisted from the NYSE as a result of the successful completion of the acquisition of our shares, including shares represented by ADSs, by VimpelCom Ltd. For more information regarding the acquisition of our shares by VimpelCom Ltd. and the delisting of our ADSs from the NYSE, see the notes to our unaudited condensed consolidated interim financial statements included elsewhere in this prospectus.

In December 1998, Telenor, Norway's leading telecommunications company became a strategic partner in our company. That same year, we became the first major mobile telecommunications services provider in Russia to offer prepaid tariff plans to our subscribers.

To accelerate the development of our company's regional GSM license portfolio, in May 2001, our company signed an agreement with Alfa Group, which purchased strategic ownership interests in our company. Telenor also participated in the transaction.

In April 2003, we launched operations in St. Petersburg and by the end of that year we had 55 regional networks in commercial operation and a total subscriber base in Russia exceeding 10.0 million.

In September 2004, we began to implement our strategic plan to expand our operations into the CIS by acquiring 50.0% plus one share of KaR-Tel, a mobile telecommunications services provider with a national GSM license in Kazakhstan (and we have since increased our stake in KaR-Tel to 75.0%). We continued our growth strategy throughout 2005 and 2006 by acquiring 100.0% of URS in Ukraine in November 2005, 60.0% of Limited Liability Company Tacom ("Tacom") in Tajikistan in December 2005, 100.0% of each of Bakarie Uzbekistan Telecom Limited Liability Company ("Buztel") and Limited Liability Company Unitel ("Unitel") in Uzbekistan in January and February 2006, respectively, 51.0% of Limited Liability Company Mobitel ("Mobitel") in Georgia in July 2006 and 90.0% of CJSC "ArmenTel" ("ArmenTel") in Armenia in November 2006. In July 2006, we merged Buztel into Unitel.

In September 2005, we acquired 89.6% of Closed Joint Stock Company "Sakhalin Telecom Mobile," or STM, which holds GSM-1800 license covering the territory of Sakhalin.

In December 2006, we increased our stake in Tacom to 80.0%, and in April 2007, we increased our stake in ArmenTel to 100.0%.

In August 2007, we acquired 100.0% of Closed Joint Stock Company "Corporation Severnaya Korona," which we refer to as CSK.

In November 2004 and May 2005, respectively, we completed the mergers of our subsidiaries, Open Joint Stock Company "VimpelCom-Region" and Open Joint Stock Company "KB Impuls" into VimpelCom. In April and May 2006, we completed the mergers of the following wholly-owned subsidiaries into VimpelCom: Closed Joint Stock Company "Sotovaya Company," Closed Joint Stock Company "StavTeleSot," Closed Joint Stock Company "Vostok-Zapad Telecom," Open Joint Stock Company "Orensot," Open Joint Stock Company "Dal Telecom International," Closed Joint Stock Company "Extel," and Open Joint Stock Company "Beeline-Samara," which we refer to collectively as the Merged Companies. On October 30, 2008, we completed the merger of CSK and Closed Joint Stock Company "Karachaevo-CherkesskTeleSot" into VimpelCom. On February 6, 2009, we completed the merger of Closed Joint Stock Company "Kabardino-Balkarskiy GSM" into VimpelCom.

On January 18, 2008, our indirect wholly-owned subsidiary Lillian Acquisition, Inc. ("Lillian") commenced a tender offer to purchase, at a price of US$105.0 per share in cash, any and all outstanding shares of Golden Telecom's common stock, on the terms and subject to the conditions specified in an offer to purchase dated January 18, 2008. Upon the closing of the initial offer period and the subsequent offer period on February 26, 2008, Golden Telecom shareholders had tendered over 94.0% of the outstanding shares of Golden Telecom. On February 28, 2008, Lillian was merged with and into Golden Telecom, with Golden Telecom continuing as the surviving corporation. As a result of the merger, Golden Telecom became our indirect wholly-owned subsidiary.

In June 2008, we completed our acquisition of 49.0% of Closed Joint Stock Company Investelectrosvyaz ("Corbina Telecom") operating under the trademark "Corbina", from Inure Enterprises Ltd. for approximately US$404.0 million. Corbina Telecom owns a fibre-optic network which provides FTTB broadband Internet services in Russia. As a result of this acquisition, together with our subsidiary Sovintel, we owned 100.0% of the shares of Corbina Telecom. On November 24, 2010, Sovintel and Corbina Telecom merged with and into our company. In December 2010, we filed applications with the relevant authorities to re-issue to us the licenses that were previously held by Sovintel and Corbina Telecom. For more information on the re-issuance of these licenses to us, please see the section of this prospectus entitled "Risk Factors—If the licenses, frequencies and permissions previously held by companies merged into VimpelCom are not re-issued to VimpelCom, or are not re-issued to VimpelCom in a timely and complete manner, our business may be materially adversely affected."

In July 2008, we acquired a 90.0% stake in Sotelco Ltd. ("Sotelco"), a company holding a GSM 900/1800 license and related frequencies in Cambodia, for US$28.0 million. We also acquired a call option to purchase the remaining 10.0% stake for market value at the exercise date.

Also in July 2008, we signed an agreement with Global Telecommunications Corporation, which we refer to as GTEL, a Vietnamese state-owned enterprise, and its subsidiary GTEL Technical Service and Commercial Joint Stock Company ("GTEL TSC") to establish a joint venture company, GTEL-Mobile Joint Stock Company, or GTEL-Mobile, in which we received a 40.0% interest for US$266.7 million. In September 2008, GTEL-Mobile received a GSM-1800 license and frequencies.

On October 23, 2008, we acquired 49.9% of Morefront Holdings Ltd., or Morefront, which owns 100.0% of Euroset, the leading mobile handset retailer and dealer for major mobile network operators in Russia, for total consideration of US$226.0 million. We have agreed on put and call arrangements, exercisable after three years, with respect to a further 25.0% of Morefront shares. This acquisition allowed us to significantly enhance our distribution capabilities.

On September 16, 2009, we signed an agreement for the acquisition of a 78.0% stake in Millicom Lao Co., Ltd., a mobile telecommunications operator with operations in the Lao PDR, from Millicom Holding B.V. (Netherlands), or Millicom, and Cameroon Holdings B.V. (Netherlands). The purchase price for the acquisition will be determined on the completion date and will be based on an enterprise value of Millicom Lao Co., Ltd. of US$102.0 million. The transaction has not yet been closed by us due to the absence of an endorsement from the Lao government. On March 31, 2010, Millicom notified us that we had not completed the agreement to acquire Millicom's 74.1% holding in Millicom Lao Co., Ltd. despite all conditions precedent having been met. On April 6, 2010, we responded to this letter explaining that we are attempting to resolve outstanding matters relating to the required regulatory approvals in the Lao PDR with the Lao government. On May 11, 2010, Millicom sent us another letter stating that although they are prepared to continue discussions, they reserve their rights under the terms of the agreement, including the right to commence legal proceedings in relation to our breaches of obligations under the agreement. We continue to seek the endorsement of the Lao government, however, there is no assurance that we will receive the endorsement and complete the transaction. If we do not complete the transaction, Millicom may bring an action against us. For information relating to the risks associated with this transaction, see the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—We may not realize the anticipated benefits from acquisitions and we may assume unexpected or unforeseen liabilities and obligations or incur greater than expected liabilities in connection with acquisitions."

On July 29, 2010, we acquired 100.0% of the share capital of Foratec, one of the leading alternative fixed-line providers in the Ural region of Russia. The total value of the transaction amounted to RUR1,400 million (equivalent to approximately US$46.3 million as of July 29, 2010), including RUR280 million (equivalent to approximately US$9.3 million as of July 29, 2010) allocated for refinancing of the financial obligations of Foratec.

On July 30, 2010, we increased our ownership interest in Tacom from 80.0% to 90.0% by acquiring an additional 10.0% ownership interest for a total cash consideration of US$10.3 million.

On October 20, 2010, we exercised our call option to acquire from Crowell Investments Limited ("Crowell") 50.1% of the issued share capital of Menacrest Limited ("Menacrest"), which is the parent company of Sky Mobile, a mobile operator in Kyrgyzstan holding GSM and 3G licenses to operate over the entire territory of Kyrgyzstan. The purchase price for the transaction was US$150.3 million, which was set off against part of the outstanding loan we made to Crowell in 2008. For more information relating to our loan to Crowell, see the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Investing Activities—Other Investing Activities." The remaining 49.9% of Menacrest, over which we have a call option, is owned by Crowell.

For more information on our recent acquisitions, see the sections of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments and Trends" and "—Liquidity and Capital Resources—Investing Activities."

Our capital expenditures include purchases of new equipment, new construction, upgrades, software, other long lived assets and related reasonable costs incurred prior to intended use of the non current assets, accounted at the earliest event of advance payment or delivery. Long-lived assets acquired in business combinations are not included in capital expenditures. Our capital expenditures during the first nine months of 2010 were approximately US$993.4 million compared to US$391.3 million during the first nine months of 2009. During 2009, our capital

expenditures were approximately US$814.1 million compared to approximately US$2,570.8 million during 2008 and US$1,772.8 million during 2007. The increase in capital expenditures in the first nine months of 2010 compared to the first nine months of 2009 is primarily due to our management's decision to increase capital expenditures as a result of improved economic conditions in most of the markets where we operate. The lower capital expenditure in 2009 compared to 2008 and 2007 was mainly due to adverse economic conditions and historical traffic trends in response to which our management took a more cautious approach to capital investments and to internal targets for return on capital investments. The decline in 2009 capital expenditures in U.S. dollar reporting currency terms is also linked to the devaluation of the functional currencies of many of VimpelCom's subsidiaries, which made some capital expenditures in functional currencies. Our capital expenditures do not include investments made through acquisition of interests in other entities. In the first nine months of 2010, we paid US$36.4 million for the acquisition of Foratec and US$143.6 million to a former Golden Telecom shareholder in connection with a litigation related to the tender offer pursuant to which our company acquired Golden Telecom. For additional information regarding the tender offer, see the section of this prospectus entitled "—Legal Proceedings—Petition for Appraisal" below. There were no payments for acquisitions in the first nine months of 2009. For more information on our principal capital investments and investing activities, including acquisitions and divestitures of interests in other companies, and method of financing, see the sections of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Investing Activities" and "Management's Discussion and Analysis of Financial Results of Operations—Liquidity and Capital Resources—Future liquidity and capital requirements."

In October 2009, Telenor ASA, the parent company of Telenor, and Altimo, a member of Alfa Group and the parent company of Eco Telecom, announced that they agreed to combine their ownership of our company and Kyivstar, under a new company called VimpelCom Ltd. Kyivstar is a Ukrainian mobile operator, 56.5% of which was owned by a subsidiary of Telenor ASA and 43.5% of which was owned by a subsidiary of Altimo. The combination involved a series of transactions, including the VimpelCom Ltd. Exchange Offers. In the VimpelCom Ltd. Exchange Offers, VimpelCom Ltd. offered:

- to all holders of our ADSs: one VimpelCom Ltd. ADS, or a nominal cash amount, in exchange for each VimpelCom ADS;
- to all holders of our common shares: twenty VimpelCom Ltd. ADSs, or a nominal cash amount, in exchange for each VimpelCom common share; and
- to all holders of our preferred shares: twenty VimpelCom Ltd. preferred ADSs, or a nominal cash amount, in exchange for each VimpelCom preferred share.

Completion of the VimpelCom Ltd. Exchange Offers was conditioned upon greater than 95.0% of our shares, including those represented by ADSs, being validly tendered and not withdrawn, in addition to other conditions.

On February 9, 2010, our board of directors unanimously recommended to holders of our common and preferred shares and ADSs to tender their securities to VimpelCom Ltd. in the VimpelCom Ltd. Exchange Offers and elect to exchange such tendered securities for depositary receipts representing depositary shares of VimpelCom Ltd. and not to accept the nominal cash consideration alternative offered by VimpelCom Ltd. in the VimpelCom Ltd. Exchange Offers. On April 21, 2010, all conditions of the VimpelCom Ltd. Exchange Offers were satisfied, and VimpelCom Ltd. acquired approximately 98.0% of our outstanding shares, including shares represented by ADSs. On May 14, 2010, our ADSs were delisted from the NYSE, and on June 2, 2010, our shares were excluded from the list of traded securities at the Russian Trading System.

All of our shares and ADSs not tendered to VimpelCom Ltd. in the VimpelCom Ltd. Exchange Offers were subject to a mandatory squeeze-out procedure under Russian law. On May 25, 2010, VimpelCom Ltd. commenced the mandatory squeeze-out procedure to acquire all of our remaining shares, including those represented by ADSs, for a cash payment of RUB 11,800 per share (which was equal to approximately US$382.18 per share at the exchange rate as of May 25, 2010). Because each of our ADSs represented ½₀ of one of our shares, holders of our ADSs were entitled to receive RUB 590 per ADS (which was equal to approximately US$19.11 per ADS at the exchange rate as of May 25, 2010), less any costs and expenses incurred by The Bank of New York Mellon, in its capacity as the ADS depositary, in processing the payments and converting the ruble amount it receives into US dollars. The squeeze-out price was determined as the market value of our shares as of February 28, 2010 by an independent Russian appraiser, in accordance with Russian law. The appraisal was supplemented with a value analysis by ZAO Deloitte and Touche CIS. VimpelCom Ltd. completed payment for the benefit of our minority

shareholders and ADS holders as of July 14, 2010 of the cash amounts to which they were entitled, and their shares were transferred to VimpelCom Ltd. by operation of law on August 6, 2010, making us a wholly owned subsidiary of VimpelCom Ltd. On October 7, 2010, VimpelCom Ltd. transferred 100.0% less 1 share of our company to its 100.0% indirect subsidiary, VimpelCom Holdings BV (Netherlands).

Organizational Structure

We are incorporated and existing under the laws of the Russian Federation. We are the main operating company of the group and the parent company of a number of operating subsidiaries and holding companies in various jurisdictions. The table below sets forth our significant operating subsidiaries, including those subsidiaries that hold our principal telecommunications licenses, and our percentage ownership interest, both direct and indirect, in each subsidiary as of January 1, 2011. Our percentage ownership interest is identical to our voting power in each of the subsidiaries. In addition to the subsidiaries listed below, we have other operating subsidiaries, which licenses are described below.

Subsidiary	Country of Incorporation	Percentage Ownership Interest
LLP "KaR-Tel"	Kazakhstan	75.0%(1)
LLC "Tacom"	Tajikistan	90.0%(2)
CJSC "Ukrainian RadioSystems"	Ukraine	100.0%(3)
LLC "Golden Telecom"	Ukraine	100.0%(4)
LLC "Unitel"	Uzbekistan	100.0%(5)
LLC "Mobitel"	Georgia	51.0%(6)
CJSC "ArmenTel"	Armenia	100.0%
"Sotelco" Ltd.	Cambodia	90.0%(7)
LLC "Sky Mobile"	Kyrgyzstan	50.1%(8)

(1) Indirect ownership through VimpelCom Finance B.V. (Netherlands) and Limnotex (Cyprus).

(2) Indirect ownership through VimpelCom Finance B.V. (Netherlands) and VimpelCom (BVI) Limited.

(3) Indirect ownership through five direct wholly owned Cypriot subsidiaries.

(4) Indirect ownership through Golden Telecom Inc. (Delaware) and its subsidiaries.

(5) Indirect ownership through our direct wholly owned subsidiaries in Netherlands and BVI.

(6) Indirect ownership through our direct wholly owned subsidiary in BVI.

(7) Indirect ownership through our subsidiaries in Cyprus and BVI.

(8) Indirect ownership through our subsidiary in Cyprus.

Licenses

Mobile Telecommunications Licenses

Russia

GSM Licenses. We hold GSM licenses for seven out of the eight Russian super-regions. In total, our super-regional GSM licenses cover approximately 96.0% of Russia's population and permit us to operate a unified dual band GSM-900/1800 network.

We do not currently hold a GSM super-regional license for the Far East super-region of Russia. We currently hold GSM-1800 licenses in the following regions of the Far East super-region: Amur region, Kamchatka Krai (excluding Koryakskiy Autonomous Region), Khabarovsk Krai, Sakhalin region and Irkutsk region (GSM-900/1800) (excluding Ust-Ordynskiy Buryatskiy Autonomous Region, an administrative-territorial unit of special status).

In addition to the seven super-regional GSM licenses, we hold GSM licenses for the following two territories, all of which are located within the seven super-regions: Kaliningrad region, within the Northwest region; Orenburg region, within the Ural region.

3G Licenses. On April 20, 2007, the Federal Communications Agency announced that our company was awarded one of three UMTS licenses in Russia. The license was issued on May 21, 2007. Under the license terms we are required to install a total of 6,096 3G base stations throughout Russia. The license expires on May 21, 2017.

For additional information relating to the risks relating to the 3G license award, see the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—Our failure to keep pace with technological changes and evolving industry standards could harm our competitive position and, in turn, materially adversely affect our business."

CIS

Kazakhstan. KaR-Tel holds a national GSM-900/1800 license for the entire territory of Kazakhstan.

Uzbekistan. Unitel holds national GSM-900/1800 and UMTS licenses covering the entire territory of Uzbekistan.

Ukraine. URS holds a GSM-900 license that covers the entire territory of Ukraine and two GSM-1800 licenses that cover 23 of Ukraine's 27 administrative regions (including the Kyiv Region, but excluding the City of Kyiv, the Dnipropetrovsk Region and the Odessa Region). Golden Telecom (Ukraine) holds three GSM-1800 licenses covering the territory of Ukraine, excluding the Dnipropetrovsk Region, Kharkov Region and Lviv Region.

Armenia. ArmenTel, which provides both fixed-line and mobile services, holds GSM-900/1800 and UMTS licenses for the entire territory of Armenia.

Tajikistan. Tacom holds national GSM-900/1800 and UMTS licenses for the entire territory of Tajikistan.

Georgia. Mobitel holds GSM-1800 and E-GSM licenses for the entire territory of Georgia.

Kyrgyzstan. Sky Mobile holds national GSM-900/1800 and WCDMA/UMTS licenses for the entire territory of Kyrgyzstan.

The following tables summarize the principal terms of our licenses, including the license areas, initial issue dates and expiration dates.

Principal Terms of our Super-Regional GSM Licenses in Russia

	Valid From	Expiration Date
Moscow	Apr. 28, 2008	Apr. 28, 2013
Central and Central Black Earth	Apr. 28, 2008	Apr. 28, 2013
North Caucasus	Apr. 28, 2008	Apr. 28, 2013
North-West[(1)]	Sep. 12, 2002	Sep. 12, 2012
Siberian	Apr. 28, 2008	Apr. 28, 2013
Ural[(2)]	Nov. 14, 2002	Nov. 14, 2012
Volga	Apr. 28, 2008	Apr. 28, 2013

(1) We hold a GSM license covering 10 territories of the North-West super-region, which contains certain requirements related to the licensed territories: (i) GSM-900/1800 standard for the following territories within the North-West super-region: the city of Saint Petersburg, Leningrad region; and (ii) GSM-1800 standard for the following territories within the North-West super-region: Kareliya Republic, Nenetskiy Autonomous Region, Arkhangelsk region, Vologda region, Kaliningrad region, Murmansk region, Novgorod region, Pskov region.

(2) We hold a GSM license covering all 11 territories of the Ural super-region, which contains certain requirements related to the licensed territories: (i) GSM-900/1800 standard for the following territories within the Ural super-region: Komi Republic, Udmurtskaya Republic, Kirov region, Kurgan region, Sverdlovsk region, Yamal Nenets autonomous district, the city of Kudymkar, Kudymkar metropolitan region, Yus'vinsky metropolitan region, Yurlinsky metropolitan region, Kochevsky metropolitan region, Kossinsky metropolitan region, Gaynsky metropolitan region of Permskiy Krai; and (ii) GSM-1800 standard for the following territories within the Ural super-region: Orenburg region, Tyumen region, Chelyabinsk region, Hanty-Mansiysky autonomous district—Yugra and Permskiy Krai (not including the city of Kudymkar, Kudymkar metropolitan region, Yus'vinsky metropolitan region, Yurlinsky metropolitan region, Kochevsky metropolitan region, Kossinsky metropolitan region and Gaynsky metropolitan region).

Principal Terms of our Territorial GSM Licenses in Russia

License Area	Issue Date	Expiration Date	Type of License
Amur region	Jan. 10, 2002	Jan. 10, 2012	GSM-1800
Kamchatka Krai[1]	Jan. 10, 2002	Jan. 10, 2012	GSM-1800
Khabarovsk Krai	Jan. 10, 2002	Jan. 10, 2012	GSM-1800
Orenburg region	Jun. 13, 2010	Jun 13, 2015	GSM-900/1800
Kaliningrad region	Aug. 1, 2006	Aug. 1, 2011	GSM-900
Irkutsk region[2]	Sept. 13, 2001	Sept. 13, 2011	GSM-900/1800
Sakhalin region[3]	Oct. 18, 2001	Oct. 18, 2011	GSM-1800

(1) The license for Kamchatka Krai excludes Koryakskiy Autonomous Region.

(2) The license for the Irkutsk region (excluding Ust-Ordynskiy Buryatskiy Autonomous Region, an administrative-territorial unit of special status which is part of the Far East region) was re-issued from CSK to VimpelCom as a result of the merger of CSK with and into VimpelCom on October 30, 2008.

(3) The license for the Sakhalin region, which is part of the Far East super-region, is held by STM.

Principal Terms of our Mobile Licenses in the CIS

License Area	Issue Date	Expiration Date	Type of License	Territorial Coverage
Kazakhstan	Aug. 24, 1998	Aug. 24, 2013	GSM-900/1800	Entire territory of Kazakhstan
Uzbekistan	Jan. 6, 2005	Aug. 6, 2016	GSM-900/1800 and UMTS	Entire territory of Uzbekistan
Ukraine				
URS	Jan. 18, 2010	July 25, 2021	GSM-900	Entire territory of Ukraine
URS	Oct. 20, 2005	Oct. 20, 2020	GSM-1800	23 out of 27 administrative regions of Ukraine
URS	Dec. 15, 2005	Dec. 15, 2020	GSM-1800	Kyiv region
GTU	Dec. 3, 2008	May 18, 2021	GSM-1800	Entire territory of Ukraine, excluding Kyiv, Kyiv region and Dnipropetrovsk, Kharkiv and Lviv region
GTU	Oct. 19, 2007	May 18, 2021	GSM-1800	Kyiv region
GTU	Oct. 19, 2007	July 7, 2014	GSM-1800	Kyiv
Armenia	Feb. 23, 1995	Mar. 3, 2013	GSM-900/1800 and UMTS	Entire territory of Armenia
Tajikistan	Aug. 29, 2005	July 13, 2015	UMTS	Entire territory of Tajikistan
	Jun. 18, 2009	Jun. 18, 2014	GSM-900/1800	Entire territory of Tajikistan
Georgia[1]	Dec. 16, 2005	July 23, 2013	GSM-1800 and E-GSM	Entire territory of Georgia
Kyrgyzstan	May 30, 2006	May 30, 2016	GSM-900/1800	Entire territory of Kyrgyzstan
Kyrgyzstan	Oct. 23, 2007	Oct. 23, 2015	UMTS	Entire territory of Kyrgyzstan

(1) Mobitel has been granted multiple radiofrequency and numeration capacity licenses with varying issue and expiration dates. The indicated dates are the earliest date of expiration of one of the radiofrequency licenses and the earliest date of expiration of one of the numeration capacity licenses.

Principal Terms of our International Mobile Licenses

License Area	Issue Date	Expiration Date	Type of License	Territorial Coverage
Socialist Republic of Vietnam[1]	Sep. 05, 2008	Sep. 05, 2023	GSM-1800	Entire territory of Vietnam
The Kingdom of Cambodia[2]	Jan. 03, 2007	Jan. 03, 2042	GSM-900/1800	Entire territory of Cambodia

(1) License is held by GTEL-Mobile, in which VimpelCom holds a 40.0% interest.

(2) License is held by Sotelco.

Fixed-line, Data and Long Distance Licenses

The tables below set forth the principal terms of the fixed-line, data and long distance licenses which are important to our operations (other than mobile operations) in Russia, Ukraine, Kazakhstan, Uzbekistan, Armenia and Tajikistan.

Principal Terms of our Fixed-Line, Data and Long Distance Licenses in Russia

License Type	Region	Expiration Date
Local Communications Services excluding local communications services using payphones and multiple access facilities	Moscow[3], Nizhny Novgorod[3], Khabarovsk[3], Novosibirsk[3]	March 9, 2012
	St. Petersburg[3]	January 23, 2012
	Ekaterinburg[3]	February 16, 2011
	Rostov-on-Don[3]	August 27, 2011
	Moscow[7]	August 30, 2011
	St. Petersburg[7]	May 23, 2013
	Nizhny Novgorod[1]	October 5, 2015
Local Communications Services using multiple access facilities	Moscow,[3] St. Petersburg[3]	September 21, 2011
	Novosibirsk[3], Nizhny Novgorod[3], Khabarovsk[3]	March 9, 2012
	Ekaterinburg[3]	July 20, 2015
	Rostov-on-Don[3]	March 26, 2013
	Nizhny Novgorod[1]	February 27, 2013
Leased Communications Circuits Services	Moscow,[3] St. Petersburg[3], Novosibirsk[3], Nizhny Novgorod[3], Rostov-on-Don[3], Khabarovsk[3]	July 5, 2011
	Ekaterinburg[3]	July 20, 2015
	Moscow[4]	May 18, 2011
	Moscow[7]	August 28, 2013
	St. Petersburg[7]	October 4, 2011
	Nizhny Novgorod[1]	November 28, 2013
	Moscow[2]	July 5, 2011
Voice Communications Services in Data Transmission Networks	Moscow[3], St. Petersburg[3], Novosibirsk[3], Ekaterinburg[3], Nizhny Novgorod[3], Rostov-on-Don[3], Khabarovsk[3]	March 15, 2011
	Rostov-on-Don[4]	May 7, 2013
	St. Petersburg[4], Novosibirsk[4], Ekaterinburg[4], Nizhny Novgorod[4], Khabarovsk[4]	June 21, 2011
	Nizhny Novgorod[1]	January 27, 2011
	Moscow[2]	May 25, 2011
	Moscow[6]	January 23, 2012
International and National Communications Services Telematic Services	Russian Federation[3]	May 31, 2012
	Moscow[3], St. Petersburg[3]	August 18, 2013
	Novosibirsk[3], Nizhny Novgorod[3], Rostov-on-Don[3], Khabarovsk[3]	October 4, 2012
	Ekaterinburg[3]	July 20, 2015
	Moscow[4]	August 31, 2012
	Moscow[7], St. Petersburg[7]	November 21, 2015
	St. Petersburg[4], Ekaterinburg[4], Nizhny Novgorod[4], Novosibirsk[4], Khabarovsk[4]	June 21, 2011
	Rostov-on-Don[4]	May 21, 2012
	Nizhny Novgorod[1]	December 23, 2015
	Moscow[6]	January 23, 2012
	Moscow[2]	July 5, 2011

License Type	Region	Expiration Date
Intra-zonal Communications Services	Moscow[3], St. Petersburg[3]	October 24, 2011
	Novosibirsk[3], Ekaterinburg[3], Nizhny Novgorod[3], Rostov-on-Don[3], Khabarovsk[3]	February 16, 2011
	Nizhny Novgorod[1]	October 5, 2015
Data Transmission Services	Moscow[3], St. Petersburg[3]	August 18, 2013
	Ekaterinburg[3]	July 20, 2015
	Novosibirsk[3], Nizhny Novgorod[3], Rostov-on-Don[3], Khabarovsk[3]	October 4, 2012
	Moscow[7], St. Petersburg[7]	April 17, 2014
	Moscow[4]	August 29, 2012
	St. Petersburg[4], Ekaterinburg[4], Nizhny Novgorod[4]	June 5, 2012
	Novosibirsk[4], Rostov-on-Don[4]	March 9, 2012
	Nizhny Novgorod[1]	December 23, 2015
	Moscow[6]	January 23, 2012
	Moscow[2]	July 5, 2011
Communications Services for the Purposes of Cable Broadcasting	Moscow[3], St. Petersburg[3], Novosibirsk[3], Ekaterinburg[3], Nizhny Novgorod[3], Rostov-on-Don[3], Khabarovsk[3]	December 6, 2012
	Moscow[4]	September 21, 2011
	St. Petersburg[4]	September 18, 2012
	Novosibirsk[4], Rostov-on-Don[4]	November 28, 2013
Communications Services for the Purposes of TV Broadcasting	Moscow[5]	June 19, 2011
	St. Petersburg[5]	July 28, 2011
	Moscow[6]	June 19, 2011

(1) These licenses are held by Limited Liability Company Agentstvo Delovoi Svyazi.

(2) These licenses are held by Limited Liability Company Dicom.

(3) These licenses were previously held by Sovintel. On November 24, 2010, Sovintel merged with and into our company. In December 2010, we filed applications with the relevant authorities to re-issue to us the licenses that were previously held by Sovintel. For more information on the re-issuance of Sovintel's licenses to us, please see the section of this prospectus entitled "Risk Factors—If the licenses, frequencies and permissions previously held by companies merged into VimpelCom are not re-issued to VimpelCom, or are not re-issued to VimpelCom in a timely and complete manner, our business may be materially adversely affected."

(4) These licenses were previously held by Corbina Telecom. On November 24, 2010, Corbina Telecom merged with and into our company. In December 2010, we filed applications with the relevant authorities to re-issue to us the licenses that were previously held by Corbina Telecom. For more information on the re-issuance of Corbina Telecom's licenses to us, please see the section of this prospectus entitled "Risk Factors—If the licenses, frequencies and permissions previously held by companies merged into VimpelCom are not re-issued to VimpelCom, or are not re-issued to VimpelCom in a timely and complete manner, our business may be materially adversely affected."

(5) These licenses are held by Kolangon-Optim.

(6) These licenses are held by Limited Liability Company Dominanta.

(7) These licenses are held by Closed Joint Stock Company Rascom.

Principal Terms of our Fixed-Line, Data and Long Distance Licenses in the CIS

License Type		Region	Expiration Date
Local Communication Services		Ukraine (excluding Kyiv, Kyiv Region, Odessa, Odessa Region)[1]	October 29, 2013
	DECT[2]	Ukraine (Kyiv, Odessa, Odessa Region, Dnipropetrovsk, Dnipropetrovsk Region, Lviv, Lviv Region)[1]	September 20, 2015
	DECT	Ukraine (Kyiv Region, Donetsk, Donetsk Region, Zaporozhye, Zaporozhye Region, Kharkov, Kharkov Region)[1]	November 17, 2015

License Type		Region	Expiration Date
		Ukraine (Ivano-Frankovsk, Ivano-Frankovsk Region)[9]	January 12, 2019
		Uzbekistan[3]	July 4, 2011
		Kazakhstan (Alma-aty and Alma-aty Region, Atyrau and Atyrau Region, Astana, Akmolinskaya Region)[4]	Unlimited
		Kazakhstan (Alma-aty, Alma-aty Region)[10]	Unlimited
		Ukraine (Kyiv, Kyiv Region, Odessa Region)[1]	October 12, 2012
		Armenia[7]	March 3, 2013
		Kyrgyzstan[13]	April 20, 2017
International and National Communications Services	IP	Ukraine[5]	December 30, 2019
		Ukraine[5]	February 3, 2011
		Armenia[7]	March 3, 2013
		Uzbekistan[6]	January 15, 2015
		Uzbekistan[11]	March 27, 2011
		Uzbekistan[11]	April 23, 2011
		Ukraine[1]	October 14, 2015
		Ukraine (Kyiv, Odessa, Odessa Region, Donetsk, Donetsk Region, Kharkov, Kharkov Region, Lviv, Lviv Region, Dnipropetrovsk, Dnipropetrovsk Region)[1]	December 31, 2013
		Ukraine (excluding Kyiv, Odessa, Odessa Region, Donetsk, Donetsk Region, Kharkov, Kharkov Region, Lviv, Lviv Region, Dnipropetrovsk, Dnipropetrovsk Region)[1]	January 28, 2014
		Kyrgyzstan[13]	May 30, 2016
		Tajikistan[8]	August 11, 2011
		Tajikistan[8]	September 27, 2012
Telematic Services		Tajikistan[8]	July 24, 2012
Data Transmission Services		Kyrgyzstan[13]	August 4, 2011
		Uzbekistan[3]	August 29, 2011
		Uzbekistan[11]	July 22, 2015
		Kazakhstan[4][10][12]	Unlimited
		Tajikistan[8]	December 9, 2015
		Kyrgyzstan[13]	May 30, 2016
Communications Services for the Purposes of Cable IPTV		Ukraine (Kyiv)[1]	May 18, 2017
Broadcasting Communications Services for the Purpose of Radio & TV Broadcasting		Ukraine (Kyiv, Dnipropetrovsk, Odessa, Zaporozhye, Lviv, Kharkov)[1]	December 12, 2011

(1) These licenses are held by Golden Telecom LLC (Ukraine), or GTU.

(2) Digital Enhanced Cordless Telecommunications, or DECT.

(3) These licenses are held by Buzton, LLC.

(4) These licenses are held by SA-Telcom LLC.

(5) This license is held by URS.

(6) Buzton holds two licenses in this region, both of which expire on the same date.

(7) These licenses are held by ArmenTel.

(8) These licenses are held by Tacom.

(9) These licenses are held by TTK.

(10) This license is held by TNS-Plus.

(11) These licenses are held by Unitel.

(12) These licenses are held by KaR-Tel.

(13) These licenses are held by Sky Mobile.

Principal Terms of our International Fixed-Line, Data and Long Distance Licenses

License Type	Region	Expiration Date
Voice Over Internet Protocol Services	The Kingdom of Cambodia[(1)]. .	January 3, 2042
Internet Services	The Kingdom of Cambodia[(2)]. .	January 3, 2042

(1) License is held by Sotelco

(2) License is held by Sotelco

For more information on the risks related to access to local and long distance services, please see the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—Our ability to provide telecommunications services would be severely hampered if our access to local and long distance line capacity was limited or if the commercial terms of our interconnect agreements were significantly altered." For more information on licensing regulations and other risks related to our licenses, please see the sections of this prospectus entitled "Risk Factors—Risks Related to Our Business", "Risk Factors—Risks Related to the Legal and Regulatory Environment in Russia and the CIS," and "—Regulation of Telecommunications."

Strategy

We are a part of the VimpelCom Ltd. group and we share the strategy of our parent company, VimpelCom Ltd. Our group strives to create shareholder value by focusing on three core priorities: driving value capture in the mature voice business in core markets, emerging as a leader from the transition to a data-centric world and selectively building scale. Within each of these broad priorities our group pursues specific objectives:

- *Drive value capture in the mature voice business in core markets.*
  - We recognize that our industry, in our core markets as well as internationally, is one where the prices of the traditional products and services that we provide are generally falling over time, despite price elasticity being significantly below one, whereas many of the costs of delivering these products and services experience significant inflationary pressures. To address this imbalance, we continuously focus strongly on cost efficiency, especially minimizing business support costs, and we also design our go-to-market actions thoughtfully, with the dual ambition of ensuring that we remain a highly attractive choice for consumers at all times, while at the same time promoting responsible industry conduct broadly.
  - We also see that the telecommunications market is highly heterogeneous, consisting of a significant number of sub-segments with partially unique needs, and we therefore selectively, but aggressively, attack underserved B2C and B2B sub-segments, especially in areas where we can leverage the fact that we have both fixed and mobile assets or where our international footprint can be a source of competitive advantage.
  - We believe that the shift away from the traditional voice- and SMS-centric telephone company world and towards a data-centric world is fundamental and we therefore carefully scrutinize any investment in legacy infrastructure that does not also support our future data business, while of course ensuring that we at all times deliver a set of core traditional telephone company services that fully meet customer expectations.
- *Emerge as leader from the transition to a data-centric world.*
  - We are convinced that the move towards a data-centric world is the single biggest industry change that our core mobile business has experienced so far, and we also clearly see that a key success factor over the coming few years for any telco operator with a significant mobile business will be to manage pricing approaches well. We therefore spend considerable time and effort to ensure that we offer a pro-active and customer-centric transition from legacy voice pricing to data-centric pricing, with the ambition to retain and ultimately grow ARPUs.

- We see that data offerings are already becoming a significant operator decision parameter for certain customer segments, and we expect this trend to broaden further. To ensure that we are the natural consumer choice in the data-centric world we aim to provide the best "value-for-money" data product portfolio while staying highly price-competitive at all times.
- We clearly recognize that a data network is more complex to manage than a voice network and that the optimization potential in a data network is significant. We therefore aim to drive smart cost efficiency in technology investments, including traffic management and off-loading as well as content compression.

- *Selectively build scale*.
  - Any future acquisitions will be consistent with our group's belief that international scale, and to a certain extent also market maturity-level portfolio diversification, can create shareholder value. We also understand very clearly that the attractiveness of any deal is going to be highly dependent on our ability to realize significant synergies and one of our core focuses in any deal will therefore be to aggressively identify and capture synergies, whether they come from enhanced leverage in procurement, staff redundancies or best-practice sharing between markets at different stages of development.

Competitive Strengths

We believe that we are well positioned to capitalize on opportunities in the Russian and CIS mobile, fixed-line and broadband telecommunications markets. We seek to differentiate ourselves from our competitors by providing innovative products, high-quality mobile, fixed-line and broadband telecommunications service offerings, specialized customer care and strong, recognized brand names.

- *Recognized brand name.* We market our mobile services under our "Beeline" brand name in ten countries (Russia, Kazakhstan, Ukraine, Uzbekistan, Armenia, Tajikistan, Georgia, Kyrgyzstan, Cambodia and Vietnam). We established our "Beeline" brand in Russia in 1993 and launched the "Beeline" brand name in Kazakhstan in 2005, in Ukraine, Uzbekistan and Tajikistan in 2006, in Georgia in 2007, in Armenia in 2008 and in Cambodia and Vietnam in 2009. Since June 2009, Sky Mobile has been operating in Kyrgyzstan under our Beeline brand. Primarily as a result of our innovative marketing and brand licensing efforts, our "Beeline" brand name is among the most recognized brand names in Russia. For the past five years, the Beeline brand has led the "top of mind awareness" among all Russian mobile operators' brands, according to Brand Health Tracking. In addition, since 2005, our Beeline brand has been named the most valuable brand in Russia by Interbrand Group. The Beeline brand has also been ranked in the Brandz Top 100 Brand Ranking by Millward Brown. In 2009, the Beeline brand was ranked 39th in the top 50 most valuable European brands by Eurobrand 2009 Research, becoming the first Eastern European company to be included in this exclusive list. At the end of 2008, we re-launched the "Beeline" brand for the business and corporate services sector in Russia and Ukraine. In the first half of 2009, we launched "Beeline" for the business and corporate services sector in Kazakhstan and Uzbekistan. We believe we have strengthened our brand position in the business and corporate services sector by providing special product and services offerings, including all products and services provided to corporate clients by Golden Telecom and Corbina Telecom, such as IP Centrex, IPVPN, SLA and managed services.
- *Product and service innovation.* In our mobile business, we continue to seek out new products and services to provide our subscribers with faster access and easier usage to be competitive in the markets in which we operate. We continue to develop services oriented towards our prepaid consumer segment, such as allowing customers to stay connected while temporarily accruing a negative account balance and a portfolio of call completion services. We strengthened our mobile instant messaging service through the launch of new features, made our service interoperable with competitors and we continue to grow our mobile instant messaging community successfully.
- *Pricing.* Acknowledging differences in competitive situations and consumer behavior across regions, we undertake a systematic effort involving dedicated analytics and research to develop an optimal pricing structure. This pricing approach ensures that we maximize value from all segments and lets us offer different tariffs and solutions to all market segments and types of companies, including special tariff options and bundles for data access services for GPRS and 3G.

- *Data Services.* We believe data services are driving market growth and we are focusing our efforts at winning this segment. We began launching 3G services in several markets in Russia in the second half of 2008, and we roll out 3G technology as frequencies are cleared and network construction in each region is completed. Our subscribers benefit from 3G service in more than 77 regions (462 cities) as of September 30, 2010. We also offer USB modems (for GPRS and 3G use) to all customer segments.

We are one of only two mobile operators in Russia that have an agreement with Apple to sell the iPhone across Russia. Since we began selling the iPhone in September 2008, we have sold approximately 300,000 iPhones. We believe that sales of iPhones will contribute to an increase in the sale of our data services.

For our business and corporate clients, we offer a wide range of data services, including mobile e-mail, mobile office and corporate Internet access.

- *Convergence.* Following our acquisition of Golden Telecom, we now offer a broad portfolio of competitive services in both the fixed-line corporate data market and the residential broadband Internet market that are designed to match the needs of our customers. Importantly, the vast majority of these services are provided via a superior technology, FTTB.

- *Blackberry.* In 2010, VimpelCom began expanding its services for consumer and corporate clients in Russia and actively developing new products and service features to increase its competitive advantage. "MDS" (Mobile Data System) and "BES browsing" functions allow us to offer corporate clients full solutions for their businesses, and "BIS browsing" allows us to provide similar services for consumers. We are authorized by Research in Motion and the Russian regulatory authorities to sell and provide secured corporate mail services through Blackberry handsets. This allows us to compete for enterprise customers that have historically been associated with our primary competitor in the business segment by providing business customers with a second mobile device.

- *M2M.* Machine-to-machine, or M2M, refers to technologies that allow both wireless and wired systems to communicate with other devices of the same ability and includes technologies that allow data transmission between remote equipment. M2M technologies are used in areas such as consumer electronics, banking, metering, security and others. The M2M market in Russia is in the early stage of development with penetration of M2M SIM cards at less than 1.0%. Experts estimate the annual Russian market growth for M2M to be 25.0-30.0% until 2015. We have launched a new M2M product, "M2M Control Center," with Jasper Wireless Inc. (SaaS). This product is unique to the Russian market and gives us the opportunity to be the first company in the Russian market to provide this M2M solution for corporate clients. While our competitors are active and aggressive in the Russian M2M market providing various M2M solutions to their customers, they do not have any products similar to our "M2M Control Center," which we believe gives us a strong competitive advantage among all Russian operators. M2M Control Center allows on-line self-management of a business client's SIM cards, giving the client control and monitoring capabilities of its SIM cards via a web-based interface. For example, business customers with M2M Control Centre can receive real-time monitoring, usage statistics, on-line diagnostics, and on-line notifications on SIM card activities from SIM cards used with the customers' remote equipment. We believe M2M Control Center can be easily integrated with our business customers' other systems and platforms through an open application programming interface, or open API.

- *Specialized customer care.* We provide specialized customer service to our different subscriber segments. We believe that our ability to provide specialized customer service has helped us maintain a high level of subscriber satisfaction with our products and services and control churn. We also believe that VimpelCom has provided particularly strong customer service to its corporate subscribers. We have learned lessons and applied best practices to both corporate and mass market customers and now offer all customers a common approach to customer care.

- *Broad distribution network.* We have one of the largest distribution networks for mobile services in Russia with approximately 2,560 independent dealers. In addition, we have approximately 4,000 branded kiosks (branded stands) and 12,360 non-specialized independent retail outlets where Beeline contracts may be purchased. In total, we have more than 39,500 points of sale in Russia. We also have approximately 57,300 locations in Russia where prepaid scratch cards are sold and 238,000 points where cash is collected. We are also rapidly expanding our distribution in the CIS and already have approximately 44,730 points of sales throughout the CIS countries. In October 2008, we acquired 49.9% of Euroset with put and call arrangements for 25.0% of additional shares exercisable in three

years. As of September 30, 2010, Euroset operates approximately 3,770 outlets in Russia, and we believe this acquisition has allowed us to significantly enhance our distribution capabilities. Additionally, we are also rapidly developing our distribution in Cambodia with approximately 1,119 independent dealers, and already have approximately 5,754 points of sales and 12,181 locations where prepaid scratch cards are sold throughout the country.

- *Unified, sophisticated mobile network.* We are able to provide uniform mobile products and services that we develop and launch on an international rather than local basis due to our centralized IT platform which operates throughout our unified mobile network system covering our license areas in Russia and the CIS. We believe that our level of centralization and standardization is unique in the license areas where we operate and that this gives us a competitive advantage and efficiency in developing and rolling out new services. We build our mobile networks with advanced technology from the world's leading mobile telecommunications equipment suppliers, such as Alcatel-Lucent, Ericsson, Nokia-Siemens Networks, and Huawei in order to provide our subscribers with high-quality, dependable networks capable of offering enhanced value added services and features. We launched our 3G network in 2008 and plan to follow the same principles of centralization that we have applied to our 2G network and building on a philosophy of a convergent 2G/3G core.

- *Extensive fixed infrastructure.* Through the combination of VimpelCom's and Golden Telecom's fixed assets, including both long distance fiber lines and city rings, we have what we believe is one of the best high-speed fixed asset bases in Russia, which enables us to efficiently carry our own traffic and to offer data communications capacity on a wholesale basis. In addition, we believe our network capacity allows us to deliver a broader range of products at a higher speed.

Competition—Mobile Services

As of September 30, 2010, our company provided mobile telecommunications services in Russia, Kazakhstan, Uzbekistan, Ukraine, Armenia, Tajikistan, Georgia, Kyrgyzstan, Cambodia and Vietnam. The following table provides a breakdown of our total number of mobile subscribers and the estimated mobile penetration rates in each of our geographic areas of operation for each of the three financial years ending on December 31, 2009 and the nine months ended September 30, 2010.

	Nine Months Ended September 30, 2010	Years Ended December 31, 2009	2008	2007
End of period mobile subscribers:				
Russia	51,614,769	50,886,127	47,676,844	42,221,252
Kazakhstan	6,736,121	6,135,275	6,269,927	4,603,300
Uzbekistan	4,398,048	3,514,516	3,636,243	2,119,612
Ukraine	2,471,802	2,004,729	2,052,493	1,941,251
Armenia	580,916	545,201	544,271	442,484
Tajikistan	772,119	743,140	624,624	339,393
Georgia	529,299	399,161	225,055	72,655
Cambodia	505,067	367,474	n/a	n/a
Kyrgyzstan	1,765,630	n/a	n/a	n/a
Total	**69,373,771**	**64,595,623**	**61,029,457**	**51,739,947**
Mobile penetration rate:*				
Russia	155.5%	148.7%	132.3%	121.7%
Kazakhstan	105.1%	105.6%	92.7%	81.5%
Uzbekistan	66.5%	58.4%	45.3%	21.9%
Ukraine	112.2%	120.6%	120.8%	120.4%
Armenia	103.0%	87.5%	79.3%	57.8%
Tajikistan	73.5%	61.8%	47.5%	29.5%
Georgia	97.0%	90.2%	83.5%	59.8%
Cambodia	53.4%	36.3%	n/a	n/a
Kyrgyzstan	85.4%	n/a	n/a	n/a

* See Notes (1)-(3) of the selected industry operating data table in the section of this prospectus entitled "Selected Operating Data for VimpelCom."

The Russian mobile telecommunications market

The Russian mobile telecommunications industry has grown rapidly over the past decade as a result of increased demand by individuals and newly created private businesses. Increased demand for mobile telecommunications services is largely due to the expansion of the Russian economy and a corresponding increase in disposable income; declining tariffs and costs of handsets and accessories, which have made mobile telecommunications services more affordable to the mass market subscriber segment; advertising, marketing and distribution activities, which have led to increased public awareness of, and access to, the mobile telecommunications market; and improved service quality and coverage.

The table below indicates the estimated number of mobile subscribers, mobile penetration rates and annual subscriber growth rates in Russia.

Period	Subscribers[(1)]	Penetration Rate[(2)]	Annual Subscriber Growth
As of September 30, 2010	217,908,480	155.5%	4.2%
As of December 31, 2009	209,206,000	148.7%	11.4%
As of December 31, 2008	187,830,000	132.3%	8.7%
As of December 31, 2007	172,870,000	121.7%	13.8%

(1) Estimates for 2009-2010 were provided by Informa Telecoms & Media (© 2010 Informa Telecoms & Media, © 2011 Informa Telecoms & Media). Estimates for 2008 and 2007 were provided by AC&M Consulting.

(2) Penetration rates for 2009-2010 were provided by Informa Telecoms & Media (© 2010 Informa Telecoms & Media, © 2011 Informa Telecoms & Media). Penetration rates for 2008 and 2007 were calculated by dividing the total estimated number of mobile subscribers by the total estimated population in Russia published by the Interstate Statistical Committee of the CIS as of the end of the relevant period.

The Russian mobile telecommunications market is highly concentrated. Industry analysts estimate that the top three mobile operators, MTS, our company and MegaFon, collectively held more than 81.0% of the mobile market in Russia as of September 30, 2010. Competition for subscribers in Russia is intense and we expect competition to increase in the future as a result of greater market penetration, consolidation in the industry, the growth of current operators and new technologies, products and services. As a result of increased competition, mobile providers are utilizing new marketing efforts, including aggressive price promotions, to retain existing subscribers and attract new ones.

We compete with at least one other mobile operator in each of our license areas, and in many license areas we compete with two or more mobile operators. Competition is based primarily on local tariff prices, network coverage, quality of service, the level of customer service provided, brand identity and the range of value-added and other subscriber services offered.

The following table shows our and our primary mobile competitors' respective subscriber numbers in Russia as of September 30, 2010:

Operator	Subscribers in Russia
MTS	69,670,000
MegaFon	55,856,400
VimpelCom	51,614,769
Tele2	17,683,000
Uralsvyazinform	4,950,000
SMARTS	2,508,310

Source: © 2011 Informa Telecoms & Media for all companies other than VimpelCom.

MTS. One of our primary competitors in Russia is MTS. According to Informa Telecoms & Media, as of September 30, 2010, MTS had approximately 69.7 million subscribers in Russia, representing a market share of 32.1%. It has a greater share of the high value subscriber market and more frequency allocations than we do, which provides MTS with a potential advantage in the quality of its GSM-900/1800 service. MTS reports that it holds licenses to operate mobile networks in almost all of the regions in Russia.

MegaFon. In addition to MTS, we also compete with MegaFon, the second largest mobile operator in Russia in terms of the number of subscribers. According to Informa Telecoms & Media, as of September 30, 2010,

MegaFon had approximately 55.9 million subscribers, representing a market share of 25.7%. MegaFon holds GSM-900/1800 licenses to operate in all regions of Russia. In 2003, Alfa Group acquired CT Mobile, which owns approximately 25.1% of MegaFon's common stock. For more information on Alfa Group's ownership interest in MegaFon, please see the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—Our competitors may receive preferential treatment from the regulatory authorities and benefit from the resources of their shareholders, potentially giving them a substantial competitive advantage over us."

Tele2. Tele2 has been operating in Russia since 2003 and is now considered to be a significant player in the Russian telecommunications market. According to Informa Telecoms & Media, as of September 30, 2010, Tele2 had approximately 17.7 million subscribers, representing a market share of 8.1%. It currently provides GSM mobile services in 32 regions of Russia, including St. Petersburg and the Leningrad region, as well as Arkhangelsk, Murmansk, Novgorod region, Republic of Komi, Smolensk, Kursk, Voronezh, Belgorod, Lipetsk, Nizhny Novgorod, Rostov, Krasnodar Territory and Republic of Adygei, Udmurtia Republic, Chelyabinsk, Omsk and Kemerovo, Bryansk, Vladimir, Vologda, Kaluga, Kirov, Kostroma, Novosibirsk, Orel, Ryazan, Tambov, Tver, Tomsk, Tula, and Petrozavodsk regions.

Other competitors in Russia. In addition to MTS and MegaFon, which operate in all of the regions where we operate, and Tele2, we compete with a number of local telecommunications companies. For example, we compete with Closed Joint Stock Company "Middle Volga Interregional Association of Radio and Telecommunication Systems," or SMARTS, a company that holds licenses, either directly or indirectly through joint ventures, for GSM-900 or -1800 networks in the Volga license area, certain parts of the Central and Central Black Earth license area, the Ural license area and the North Caucasus license area. We also compete with Uralsvyazinform in the Ural super-region.

The Kazakh mobile telecommunications market

According to Informa Telecoms & Media estimates, there were approximately 16.6 million subscribers in Kazakhstan as of September 30, 2010, representing a penetration rate of approximately 105.1%.

The following table shows our and our primary mobile competitors' respective subscriber numbers in Kazakhstan as of September 30, 2010:

Operator	Subscribers
GSM Kazakhstan	8,409,000
KaR-Tel (VimpelCom)	6,736,120
AlTel	1,227,600
Mobile Telecom Service	218,000

Source: © 2011 Informa Telecoms & Media for all companies apart from VimpelCom.

GSM Kazakhstan LLP. Currently, KaR-Tel's only major GSM competitor in Kazakhstan is GSM Kazakhstan, which markets its services under the "K-Cell" and "Activ" brand names. According to Informa Telecoms & Media, as of September 30, 2010, GSM Kazakhstan had approximately 8.4 million subscribers, representing a market share of 50.7%. GSM Kazakhstan is 49.0% owned by JSC Kazakhtelecom, the national telecommunications provider in Kazakhstan, and 51.0% owned by Fintur Holdings BV. Fintur Holdings is 58.6% owned by TeliaSonera and 41.5% owned by Turkcell (TeliaSonera has a 37.3% ownership interest in Turkcell).

Other competitors in Kazakhstan. KaR-Tel also competes in Kazakhstan with JSC AlTel (owned 100.0% by Kazakhtelecom and operating under the "Dalacom" and "PATHWORD" brand names) and Mobile Telecom Services LLP (operating under the "NEO" brand name and 51.0% owned by Tele2). AlTel is the oldest mobile services provider in Kazakhstan. AlTel operates a code division multiple access, or CDMA, 2000-1x network, a digital network launched by AlTel in 2003 in order to compete with KaR-Tel and GSM Kazakhstan LLP, which had each been issued GSM licenses in Kazakhstan at that time. Mobile Telecom Services launched commercial GSM operations in 2007. On March 17, 2010 the European operator Tele2 announced the completed purchase of a 51.0% stake in Mobile Telecom Services.

The Uzbek mobile telecommunications market

According to Informa Telecoms & Media, as of September 30, 2010, there were approximately 19.1 million subscribers in Uzbekistan, representing a penetration rate of approximately 66.5%.

The following table shows our and our primary mobile competitors' respective subscribers in Uzbekistan as of September 30, 2010:

Operator	Subscribers
MTS-Uzbekistan	8,160,000
Unitel (VimpelCom)	4,398,050
UCell	5,990,000
UzbekMobile	97,500

Source: © 2011 Informa Telecoms & Media for all companies apart from VimpelCom.

MTS-Uzbekistan. According to Informa Telecoms & Media, as of September 30, 2010, MTS-Uzbekistan had approximately 8.2 million subscribers, representing a market share of 42.8%. MTS-Uzbekistan is 100.0% owned by MTS and operates a GSM-900/1800 network.

UCell. According to Informa Telecoms & Media, as of September 30, 2010, UCell had approximately 6.0 million subscribers, representing a market share of 31.4%. UCell is 74.0% owned by TeliaSonera and 26.0% owned by a local Uzbek company. It operates GSM-900/1800 and 3G networks. Prior to the re-branding of the Company in 2008, UCell operated under the COSCOM brand.

Other competitors in Uzbekistan. Unitel also competes with smaller operators UzbekMobile and Perfectum Mobile.

The Ukrainian mobile telecommunications market

According to Informa Telecoms & Media, as of September 30, 2010, there were approximately 50.6 million subscribers in Ukraine, representing a penetration rate of approximately 112.2%. There are currently four mobile operators with national coverage in Ukraine: Kyivstar, JSC "Ukrainian Mobile Communications," or MTS-Ukraine (which has been renamed Mobile Telesystems—Ukraine), LLC Astelit and URS. Kyivstar and URS are in the process of being unified under the brand Kyivstar as a result of the VimpelCom Ltd. Transaction, which will leave three major competitors in Ukraine: Kyivstar (including URS), Mobile Telesystems—Ukraine and LLC Astelit.

The following table shows our and our primary mobile competitors' respective subscribers in Ukraine as of September 30, 2010:

Operator	Subscribers
Kyivstar (VimpelCom Ltd.)	22,584,941
MTS-Ukraine	18,150,000
Astelit	6,300,000
URS (VimpelCom)	2,471,802

Source: © 2011 Informa Telecoms & Media for all companies apart from VimpelCom and VimpelCom Ltd.

Kyivstar, URS and MTS-Ukraine. Currently, Kyivstar and URS have joint activity in Ukraine as a result of the VimpelCom Ltd. Transaction following which Kyivstar became an indirect wholly owned subsidiary of VimpelCom Ltd., our parent company. For more information about the integration of the URS and Kyivstar businesses, see the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments and Trends." According to Informa Telecoms & Media, the combined market share for Kyivstar and URS in Ukraine is 49.5%. Kyivstar and URS compete primarily with MTS-Ukraine which has a market share of 35.0%. MTS-Ukraine, which is 100.0% owned by MTS, was the first mobile operator in Ukraine and operates a GSM-900/1800 network in Ukraine. MTS-Ukraine also received a CDMA-450 license in 2006. Kyivstar operates a dual-band GSM-900/1800 network covering more than 96.0% of Ukraine's population.

Other competitors in Ukraine. URS and Kyivstar also compete with Astelit, which operates throughout Ukraine and, according to Informa Telecoms & Media, had approximately 6.3 million subscribers as of September 30, 2010, representing a market share of 12.4%. URS and Kyivstar also compete with Ukrtelecom, the incumbent telecommunications operator in Ukraine, which was awarded the country's only 3G license in 2005 and launched 3G service under the Utel brand in November 2007.

The Armenian mobile telecommunications market

According to Informa Telecoms & Media, as of September 30, 2010, there were approximately 3.1 million subscribers in Armenia, representing a penetration rate of approximately 103.0%.

The following table shows our and our primary mobile competitor's respective subscribers in Armenia as of September 30, 2010:

Operator	Subscribers
K-Telecom	2,190,000
ArmenTel (VimpelCom)	580,920

Source: © 2011 Informa Telecoms & Media for all companies apart from VimpelCom.

K-Telecom (VivaCell-MTS). According to Informa Telecoms & Media, as of September 30, 2010, K-Telecom had approximately 2.2 million subscribers, representing a market share of 71.2%. K-Telecom was the second mobile operator to enter the telecommunications market in Armenia and has licenses for standard GMS-900/1800 through the end of 2019. K-Telecom is 80.0% owned by MTS and 20.0% owned by the Lebanese investment group Fattouch Group.

The Tajik mobile telecommunications market

According to Informa Telecoms & Media, as of September 30, 2010, there were approximately 5.2 million subscribers in Tajikistan, representing a penetration rate of approximately 73.5%.

The following table shows our and our primary mobile competitors' respective subscribers in Tajikistan as of September 30, 2010:

Operator	Subscribers
Babilon Mobile	1,900,000
Indigo	1,647,000
Tacom (VimpelCom)	772,120
TK Mobile	437,600
TT-Mobile	435,890

Source: © 2011 Informa Telecoms & Media for all companies apart from VimpelCom.

Babilon Mobile. According to Informa Telecoms & Media, as of September 30, 2010, Babilon Mobile had approximately 1.9 million subscribers, representing a market share of 36.8%. Babilon has a national GSM-900/1800 license and a 3G license.

Indigo (T-Cell). According to Informa Telecoms & Media, as of September 30, 2010, Indigo had approximately 1.7 million subscribers, representing a market share of 31.9%. Indigo consists of two companies: "Indigo-Tajikistan" and "Somoncom", both of which hold GSM-900/1800 and 3G licenses. 3G services have been rolled out. In early 2010, Indigo underwent a rebranding campaign. TeliaSonera owns 59.4% of Somoncom and 60.0% of Indigo Tajikistan.

Other competitors in Tajikistan. Tacom also competes with TT-Mobile (brand MLT/Megafon), which holds GMS-900/1800 and 3G licenses, and TK Mobile, which holds a CDMA-2000 1X license.

The Georgian mobile telecommunications market

According to Informa Telecoms & Media, as of September 30, 2010, there were approximately 4.2 million subscribers in Georgia, representing a penetration rate of approximately 97.0%.

The following table shows our and our primary mobile competitors' respective subscribers in Georgia as of September 30, 2010:

Operator	Subscribers
Magticom	1,457,300
Geocell	1,891,000
Mobitel (VimpelCom)	529,300

Source: © 2011 Informa Telecoms & Media for all companies apart from VimpelCom.

Magticom. According to Informa Telecoms & Media, as of September 30, 2010, Magticom had approximately 1.5 million subscribers, representing a market share of 35.0%. Magticom markets its services under the "Magti" and "Bali" brand names. Magticom's network covers approximately 84.5% of Georgia's population.

Geocell. According to Informa Telecoms & Media, as of September 30, 2010, Geocell LLC had approximately 1.9 million subscribers, representing a market share of 45.4%. Geocell holds a UMTS 3G license and 97.5% is owned by Fintur Holdings.

The Kyrgyz mobile telecommunications market

According to Informa Telecoms & Media, as of September 30, 2010, there were approximately 4.7 million subscribers in Kyrgyzstan, representing a penetration rate of approximately 85.4%.

The following table shows our and our primary mobile competitors' respective subscribers in Kyrgyzstan as of September 30, 2010:

Operator	Subscribers
Alfa Telecom (Megacom)	2,200,000
Sky Mobile (VimpelCom)	1,765,630
AkTel	590,000

Source: © 2011 Informa Telecoms & Media for all companies apart from VimpelCom.

Alfa Telecom (Megacom). Currently, Sky Mobile's major GSM competitor in Kyrgyzstan is Alfa Telecom, which markets its services under the "Megacom" brand name and operates a GSM-900/1800 network. It also holds a 3G license. According to Informa Telecoms & Media, as of September 30, 2010, Alfa Telecom has approximately 2.2 million subscribers, representing a market share of 46.8%. Alfa Telecom is 49.0% owned by the Kyrgyz government and 51.0% owned by Eventis Telecom Holdings Ltd.

Aktel. Aktel operates under the "Fonex" brand name. According to Informa Telecoms & Media, it is the largest CDMA operator in Kyrgyzstan. It also holds a 3G license. Aktel is owned by Seimar Alliance Financial Corporation.

The Cambodian mobile telecommunications market

According to Informa Telecoms & Media, as of September 30, 2010, there were approximately 8.2 million subscribers in Cambodia, representing a penetration rate of approximately 53.4%. The following table shows our and our primary mobile competitors' respective subscribers in Cambodia as of September 30, 2010:

Operator	Subscribers
CamGSM	2,906,000
Viettel Cambodia	2,306,000
Mfone	569,470
Hello Axiata Cambodia	800,000
Sotelco (VimpelCom)	505,067

Source: © 2011 Informa Telecoms & Media for all companies apart from VimpelCom.

CamGSM. According to Informa Telecoms & Media, as of September 30, 2010, CamGSM had approximately 2.9 million subscribers, representing a market share of 35.6%. CamGSM holds a national GSM-900 and 3G licenses.

Viettel Cambodia. According to Informa Telecoms & Media, as of September 30, 2010, Viettel Cambodia had approximately 2.4 million subscribers, representing a market share of 28.3%. Viettel Cambodia holds a national GSM-900/1800 license.

Mfone. According to Informa Telecoms & Media, as of September 30, 2010, Mfone had approximately 0.6 million subscribers, representing a market share of 7.0%. Mfone holds national GSM-900 and 3G licenses.

Hello Axiata Cambodia. According to Informa Telecoms & Media, as of September 30, 2010, Hello Axiata Cambodia had approximately 0.8 million subscribers, representing a market share of 9.8%. Hello Axiata Cambodia holds a national GSM-900 license.

Competition-Fixed-line Services

Business and Corporate Services (BCS)

Russia. Our fixed telecommunications business marketed as Beeline Business competes principally on the basis of unique convergent services and bundles, installation time, network quality, geographical network reach, customer service, range of services offered and price. We face significant competition from other service providers, including:

- Regional subsidiaries of incumbent Svyazinvest (including Rostelecom), a holding group with a majority government ownership, for services in St. Petersburg and Russian regional cities;
- Comstar-UTS, a subsidiary of Sistema Telecom and affiliate of MTS, for services to corporate customers and the small and medium enterprise, or SME, market;
- TransTelecom, owned by the Russian Railways, for corporate data networking services across Russia;
- Synterra as a recent threat in SME segment as it's being integrated with Megafon; and
- More than 180 other small operators in the regions.

Ukraine. In the voice services market to business customers in Kyiv, we compete with Ukrtelecom, Datagroup, Vega, and a number of other small operators. The provision of Internet and data services is not licensed in Ukraine. As a result, there is a high level of competition, with approximately 400 Internet service providers, or ISPs, in Ukraine. Our main competitors in the corporate market for data are Ukrtelecom and Datagroup.

In the fast growing residential broadband Internet market, our company faces competition from Ukrtelecom and from Volya-Cable in Kyiv.

Uzbekistan. We are a large independent fixed-line services operator in Uzbekistan, where we offer a full spectrum of integrated telecommunication services. In Uzbekistan, we compete with the state-owned provider, Uzbektelecom, East Telecom, Sarkor Telecom, Sharq Telecom and EVO.

There is a high level of competition in the capital city of Tashkent. The Internet market in the regions remains undeveloped.

Armenia. We are the largest fixed-line services operator in Armenia, where we offer a broad spectrum of fixed-line services to government, corporate and private customers across Armenia. In 2009, the following thirteen companies with which we compete were granted fixed-line technology licenses: (Internet service providers) iCON, Cornet-AM, Bionet, Web, Hi-Tech Gateway Inc., Arminco, Softlink; Netsys, Xalt, Crossnet; (restaurant complex) Complex Dzoraghbyur; AATVQ CJSC and Ardnet LLC. In 2010, three more companies were granted fixed-line technology licenses: Griar Telecom, U!Com (a telecommunications company which offers universal solutions) and GNC-Alfa (a telecommunication network services operator). In 2010, Crossnet and Arminco began providing fixed-line services.

Kazakhstan. We are a fast growing alternative Internet service provider in Kazakhstan, where we compete primarily with state-owned provider, Kazakhtelecom (whose holding group includes Nursat, Sygnum, Kepter Telecom and Vostok Telecom), KazTransCom, owned by the KazMunayGas, TransTelecom, owned by the Kazakhstan Temir Zholy (railways), Astel (a leader in the provision of satellite services) and several other small operators in the regions.

Carrier and Operator Services

Russia. For voice services, VimpelCom's main competitors are long distance carriers Rostelecom, TransTelecom and MTT. For IP transit and capacity services, our main competitors are Rostelecom, TransTelecom and Megafon. In Wholesale data networking we also compete with Orange.

Ukraine. In Ukraine, carrier and operator services market competitors include Ukrtelecom, Ucomline (Farlep-Optima), Velton and Datagroup.

Consumer Internet Services

Russia. Our consumer Internet access business in Russia grew rapidly over the first nine months of 2010—our wireless business grew 24.0% from September 30, 2009 to September 30, 2010, and our FTTB grew 31.0% during the same period, as a result of increased demand by individuals. Increased demand for Internet access services is largely due to declining costs and tariffs, which have made services more affordable to the mass market subscriber segment. Our marketing and distribution activities have also led to increased public awareness about services.

In terms of end-user Internet penetration, the consumer Internet access business in Russia is divided between two clusters of markets: the first one consists of Moscow and St. Petersburg, the second comprises all other Russian regions. While the market for consumer Internet access is already saturated in Moscow and in St. Petersburg, in other regions the end-user Internet penetration remains quite low and has still been increasing dramatically. According to iKS-Consulting, the end-user Internet penetration stood at approximately 32.0% in Russia by the end of September 2010. Internet penetration growth is limited by personal computer penetration in Russia, which stood at 61.0% as of September 30, 2010 (according to iKS-Consulting), and by the sizeable number of cities with low-rise buildings.

The basic technologies of Internet access in Russia include: fixed broadband Internet access (comprising asymmetric digital subscriber line, or ADSL, Ethernet, Docsis and other regional home networks), wireless broadband Internet access (including WiFi, WiMax, 3G, CDMA) and dial-up.

The percentage of fixed broadband Internet access subscribers has increased, particularly in Moscow (where the percentage reached 76.6% of Moscow households by the end of September 2010 (according to iKS-Consulting) and other major cities. Competition for subscribers is intense and we expect it to increase in the future as a result of wider market penetration, consolidation of the industry, current operators growth and appearance of new technologies, products and services. As a result of increasing competition, Internet providers are utilizing new marketing efforts, i.e., aggressive price promotions, in order to retain existing subscribers and attract new ones.

Our main competitors in the fixed broadband market in Russia are Svyazinvest Group, Comstar UTS, Acado, Er-Telecom and various local home network providers. Competition is based primarily on network coverage, local tariff prices, Internet connection speed, services quality, customer service level, brand identity and the range of value-added and other subscriber services offered.

CIS. The basic technologies of Internet access in CIS include: fixed broadband Internet access (comprising ADSL and Ethernet); wireless broadband Internet access (including 3G, CDMA, WiFi); and dial-up. Our main competitors in Ukraine are Volia and Ukrtelecom. Our main competitors in Armenia are U!Com, "Armenian Datacom Company" CJSC, Orange and VivaCell. Our main competitors in Uzbekistan are UzNet, Sarkor, TPS, SharqStream and Evo. Competition in CIS is based primarily on penetration, price, included traffic and speed of connection.

From December 2009 to September 2010, we significantly increased the number of broadband subscribers in Ukraine, Armenia and Uzbekistan by 97.0%, 103.0% and 26.0%, respectively. In 2009, the number of our dial-up subscribers slightly decreased in Armenia and Ukraine, and continued to decrease in Armenia during the first nine months of 2010 (by 67.0% from December 2009 to September 2010).

Description of our Mobile Telecommunications Business

Services

We generally offer the following mobile telecommunications services to our subscribers:

- voice telephony services;
- value-added and call completion services;
- access to both national and international roaming services; and
- other services.

Voice telephony services

We primarily offer our mobile telecommunications services to our subscribers under two types of payment plans: contract plans and prepaid plans. As of September 30, 2010, approximately 5.0% of our subscribers in Russia were on contract plans and approximately 95.0% of our subscribers in Russia were on prepaid plans. As of September 30, 2010, approximately 3.0% of our subscribers in the CIS, excluding Russia, were on contract plans and approximately 97.0% of our subscribers in the CIS, excluding Russia, were on prepaid plans.

Value-added services and call completion services

We provide all of our customers with a variety of value-added services and call completion services:

Call completion services. Our call completion services include two groups of services: "Possibilities with zero" services and "Basic VAS" services, which allow us to increase voice traffic and revenue without causing average price per minute to decrease. Our "Possibilities with zero" group of services helps our prepaid subscribers stay connected even in the event that they have a zero balance in their account with services that include, among others, "Receiving Party Pays", "Call Me Back" and "Fill Up My Balance". Our "Basic VAS" services include, among others, caller-ID, voicemail, call forwarding, conference calling, call blocking and call waiting.

Value added services. Our value added services include messaging services, content/infotainment services, data access services (on GPRS and 3G basis), media and content delivery channels.

Our messaging portfolio include SMS, MMS (which allows subscribers to send pictures, audio and video to mobile phones and to e-mail), voice messaging and mobile instant messaging. Different price offers for messaging services are proposed to different segments of our customers.

We offer our subscribers various types of content/infotainment services, including:

- SMS services (including information services such as news, weather, entertainment chats and friend finder);
- Voice services (including referral services);
- Downloadable content (downloadable to telephone content, including music, pictures, games and video);
- Ringback tone, or RBT, (customized ringtones); and
- Wireless applications services, or WAP.

Our data access services are offered on GPRS and 3G basis and include access to Internet and WAP (even without phone settings).

Our media and content delivery channels include RBT, Chameleon (based on CellBroadcast), IVR content sales numbers, USSD-menu (self-care and entertainment portal), STK-menu, WAP-portal (targeted on surfing, downloads sales and enriched information).

We have launched a mobile advertising pilot project together with the company, Out There Media, or OTM, using OTM's technological and selling resources for delivery of advertising messages to mobile phones.

Roaming

Roaming allows our subscribers and subscribers of other mobile operators to receive and make international, local and long distance calls while outside of their home network. Our roaming service is instantaneous, automatic and requires no additional equipment.

As of September 30, 2010, VimpelCom had active roaming agreements with 554 GSM networks in 213 countries in Europe, Asia, North America, South America, Australia and Africa. In addition, as of September 30, 2010, VimpelCom provided GPRS roaming with 392 networks in 163 countries. Active roaming expansion is complete as we now cover all major roaming destinations. However, we expect to continue developing roaming services for our subscribers.

Generally, each agreement between us and our roaming partners provides that the operator hosting the roaming call sends us a bill for the roaming services used by our subscriber while on the host's network. We pay the

host operator for the roaming services and then bill the amount due for the provision of roaming services on our subscriber's monthly bill.

In 2003, we became the first Russian mobile company to launch a customized application for mobile network enhanced logic, or CAMEL, an intranetwork prepaid roaming service. This service allows prepaid subscribers to automatically receive access to roaming services provided they have a positive account balance. CAMEL service allows us to implement real time cost control, provide more dynamic service to our clients and reduce the number of delinquent subscriber accounts caused by roaming. As of September 30, 2010, we provided CAMEL roaming through 193 operators in 121 countries.

As of September 30, 2010, KaR-Tel provided voice roaming on 436 networks in 165 countries, GPRS roaming on 214 networks in 86 countries and CAMEL roaming on 125 networks in 68 countries. Unitel provided voice roaming on 373 partner networks in 158 countries, GPRS roaming on 174 networks in 92 countries and CAMEL roaming on 108 networks in 68 countries. URS provided voice roaming on 234 partner networks in 124 countries, GPRS roaming on 90 networks in 59 countries and CAMEL roaming on 114 networks in 74 countries. ArmenTel provided voice roaming on 490 partner networks in 202 countries, GPRS roaming on 244 networks in 131 countries and CAMEL roaming on 123 networks in 71 countries. Tacom provided voice roaming on 135 networks in 65 countries, GPRS roaming on 83 networks in 43 and CAMEL roaming in 60 networks on 37 countries, and on March 20, 2008, we launched a technical solution that allows Tacom subscribers to roam on 203 networks worldwide. Mobitel provided roaming on 73 partner networks in 38 countries, GPRS roaming on 26 networks in 18 countries and CAMEL roaming on 36 networks in 26 countries. Sky Mobile provided roaming on 400 partner networks in 149 countries, GPRS roaming on 15 networks in 10 countries and CAMEL roaming on 22 networks in 18 countries.

As of September 30, 2010, we also had domestic roaming agreements with 12 regional GSM providers in Russia, which provide roaming for subscribers in more than 10 cities across Russia, including small towns and settlements and the Far East super-region where we do not have GSM licenses.

USB modems

We provide our prepaid customers with wireless Internet access through GPRS/EDGE and HSDPA networks. The service was commercially launched in September 2008. We currently offer Internet access through USB modems in every region of Russia, and our subscribers benefit from 3G speeds in more than 77 regions/462 cities in Russia as of September 30, 2010. We offer special wireless Plug&Play—USB modems, which provide our customers with a convenient tool for Internet access. In addition to providing Internet access, the USB modems have other functionalities such as balance top-up, tariff changing and easy management of other services in USB-modem interface.

The service was commercially launched for prepaid and postpaid customers in Armenia in July 2009.

Seasonality

Our mobile telecommunications business is subject to certain seasonal effects. Specifically, sales of our contract and prepaid tariff plans tend to increase during the December holiday season, and then decrease in January and February. Our marketing efforts during periods of decreasing sales help to offset these seasonal effects. January tends to have higher roaming revenue due to winter holiday travel by subscribers. As with contract and prepaid tariff plans, sales and minutes of use per subscriber also typically decrease in October and November. Our roaming revenues increase significantly from June to September due to the fact that many of our subscribers travel on vacation to destinations outside of their home countries. Guest roaming revenue on our networks also grows in this period. During the winter season, roaming revenues are stable, although January shows growth in all types of roaming revenues due to the winter holidays. Seasonal growth of usage of messaging services in December, January, February and March is caused by holidays period when customers like to congratulate each other with SMS and MMS.

Our fixed telecommunications business marketed under the Beeline Business brand, discussed below, is also subject to certain seasonal effects. Among the influencing factors are the number of working days during periods and periods of vacations. Due to the large number of public holidays and, consequently, the reduced number of working days, we see relatively low level of services usage in January, May and November. In addition, a large number of vacation days also have a negative impact on usage in the months of January, May and August.

Seasonal growth of mobile Internet services usage from September to January is caused by growth of customer activities in this period.

Description of our Fixed-line Telecommunications and our Fixed Internet Business

Following our acquisitions of Golden Telecom in February 2008 and Corbina Telecom in June 2008, we offer voice, data and Internet services to corporations, operators and consumers using metropolitan overlay network in major cities throughout Russia, Ukraine, Kazakhstan and Uzbekistan via intercity fiber optic and satellite-based networks, including approximately 295 combined access points in Russia and other countries of the CIS. We have provided fixed-line services in Armenia since 2007.

In our new integrated structure, fixed-line telecommunications and fixed Internet business is organized into three business units:

- Business and corporate services;
- Carrier and operator services; and
- Consumer Internet services.

Business and Corporate Services (BCS)

BCS in Russia

Our company is an integrated provider of a large range of telecommunication services available on the Russian market, such as network access and hardware and software solutions, including configuration and maintenance. It operates a number of competitive local exchange carriers, or CLECs, that own and operate fully digital overlay networks in a number of major Russian cities. Our services cover all major population centers in Russia.

Customers and Services

Our major customers range from large multinational and Russian corporate groups to Russian SMEs and high-end residential buildings in major cities throughout Russia.

Local Access Services. Our company provides local access services to business customers by connecting the customers' premises to its fiber network, which interconnects to the local public switched telephone network, or PSTN, in major metropolitan areas in Russia.

International and Domestic Long Distance Services. Our company provides international long distance, or ILD, services to its customers via its Federal Transit Network, or FTN, which covers the entire territory of Russia and also includes four international communications transit nodes across Russia.

Our company provides domestic long distance, or DLD, services primarily through its FTN, proprietary and leased capacity between major Russian cities and through interconnection with zonal networks and incumbent networks. It also offers very small aperture terminal, or VSAT, satellite services to customers located in remote areas.

Dedicated Internet and Data Services. Our company provides its business customers with dedicated access to the Internet through its access and backbone networks. It also offers traditional and high-speed data communications services to business customers who require wide area networks, or WANs, to link geographically dispersed computer networks. Our company also provides private line channels that can be used for both voice and data applications. Our company offers IP virtual private network, or IP VPN, service (based on multiprotocol label switching, or MPLS), which is one of the most popular data services on the corporate market.

Leased Channels. Our company provides corporate clients the ability to rent channels with different high speed capacities. These "leased channels" are dedicated lines of data transmission.

Value-Added Services. Our company offers an increasing range of value-added services such as co-location, audio conference, SLA and 800 numbers. It offers a variety of financial information services including access to S.W.I.F.T., Reuters, Bloomberg and all Russian stock exchanges. Our company has one of the biggest call centers in Russia that provides services for business clients.

Fixed mobile convergence. Based on our fixed and mobile networks, our company offers fixed-to-mobile convergence services to corporate clients providing use of their mobile phone as an extension of their private branch exchange, or PBX. Our company also provides access to corporate IP-networks from a mobile phone via GPRS/EDGE.

Equipment Sales. Our company offers and sells equipment manufactured by Cisco Systems, Alcatel-Lucent, Avaya, Panasonic, Nokia, Motorola, Apple, Blackberry and other manufacturers. As part of its turnkey approach, our company also offers custom solutions and services for the life cycle of the equipment, including its design, configuration, installation, consulting and maintenance.

BCS in Ukraine

Our company has constructed and owns a 21,000 kilometer fiber optic network, including 2,200 kilometers in Kyiv, which is interconnected to the local PSTN in Kyiv, to other major metropolitan areas in Ukraine and to our gateway. Our company provides data and Internet access services in 97 metropolitan cities in Ukraine using leased terrestrial capacity from Ukrtelecom, the Ukrainian incumbent operator, and from some alternative providers.

Our company also offers various combinations of local access, VoIP and broadband Internet services to customers in 23 cities in Ukraine. Our company also provides fixed-line local access and broadband Internet services to residential customers in nine cities.

Local Access Services. Our company provides local access services to corporate customers by connecting their premises to our fiber optic network, which interconnects to the local PSTN in 23 major Ukrainian cities.

International and Domestic Long Distance Services. Our company provides outgoing international voice services to business customers through its international gateway and direct interconnections with major international carriers using least-cost routing. DLD services are primarily provided through our own intercity transmission network, leased capacity and through interconnection with Ukrtelecom's network. Our company also holds an international license for Ukraine that enables it to provide international telecommunications services throughout Ukraine and to lease the transmission channels to third parties.

Dedicated Internet and Data Services. Our company provides a private line service, virtual private network, or VPN, services, an integrated voice and data ISDN connection, frame relay, broadband digital subscriber line and dedicated Internet services.

Voice over Data Services. Our prepaid cards and VoIP products provide an international calling solution.

Information Services. Our company provides telecommunications services to financial and banking companies such as S.W.I.F.T. and Western Union, access to processing centers, news services to companies such as Reuters, as well as conduits to airline reservation systems in Ukraine. Our data center provides server co-location and hosting services for news agencies and financial and entertainment services providers.

Call Center Services. Our company launched its call center services in 2002 and is one of the main market players in providing telemarketing, actualization and hot line services for corporate clients in Kyiv.

Mass Market Services. Our company offers telephone and Internet broadband access services (through FTTB or ADSL) for mass market customers.

BCS in Uzbekistan

Our company is an integrated provider of a large range of telecommunication services available on the Uzbek market, such as network access and hardware and software solutions, including configuration and maintenance. The company has its own basic fiber-optical digital network in the cities of Tashkent, Zarafshan and Uchkuduk which is longer than 200 kilometers, and copper cables (so-called "last mile"), which are longer than 250 kilometers that allow users to connect and to render services practically in any region of Uzbekistan.

Customers and Services. Traditionally clients of our company are embassies, diplomatic representatives of foreign states accredited in Uzbekistan, representatives of international organizations and corporations, and also large hotels, banks and joint ventures. Currently, the company renders services to physical persons through home ADSL-Internet "Beeline Speed", telephony, and long distance and international long distance telephony on prepaid cards.

Automatic telephone communication. Our Company offers customers high quality telephone communication services, based on copper wires and the modern digital fiber-optic network. Local, national and international telephone communication is provided through the Beeline line installation. These lines can also be used for facsimile and modem communication.

Data transmission dedicated lines. Our Company gives opportunities to organize corporate networks based on leased channels (*i.e.*, dedicated lines of data transmission). Dedicated line is a data transmission medium that is leased by organization-lessee. This solution is most convenient for an organization with big traffic of data transmission or uninterrupted connection requirements.

Dedicated Line access. It is high-tech Internet access over constant "client—provider" connection with various guaranteed bit rates and support of data protocols. This access method is particularly favorable for organizations with more than 20 computers or organizations requiring twenty-four hour presence in Internet. The connection rate is limited only by potential of "the last mile" ("client—provider" connection length) organizing equipment.

xDSL Internet access. Our company offers xDSL technologies, allowing an increase in the data transmission rate via telephone copper cable, eliminating the necessity to modernize subscriber telephone lines. The very capability of the existing telephone lines to be transformed into the high-speed data transmission channels is the main advantage of the xDSL technologies.

Fixed mobile convergence. Based on our fixed and mobile networks, our company offers fixed-to-mobile convergence services to corporate clients providing use of their mobile phone as an extension of their private branch exchange, or PBX. Our company also provides access to corporate IP-networks from a mobile phone via GPRS/EDGE.

Mass Market Services. Our company offers telephone and Internet broadband access services (through FTTB or ADSL) for mass market customers, including 100Mbit/s Internet access service. Currently all services are provided under the Beeline trademark.

BCS in Kazakhstan.

We focus on small and medium businesses in the cities of Kazakhstan, offering services, including, high-quality, high-speed Internet, telephony and data transmission. We also offer specialized services for multi-national corporations and financial institutions.

We provide the following services for corporate customers:

- hi-speed Internet access (including ethernet technology (fiber optic communications lines, or FOCL, wireless local loop, WiMax), ADSL technology and satellite technology);
- local, long-distance, international telephony (including traditional telephony, IP telephony);
- data transmission services (including leased lines (point-to-point), frame relay network and IP VPN);
- organization of satellite channels by VSAT based on iDirect equipment;
- organizational services for integrated corporate networks (including integrated network voice and data services); and
- access to financial and informational resources (including stock exchanges, trading systems, informational agencies, payment systems and card verification centers).

BCS in Armenia

Our company is an integrated provider of a large range of telecommunication services available on the Armenian market, such as PSTN-fixed and IP telephony, Internet, data transmission and network access, as well as domestic and international voice termination, TCP/IP international transit traffic services. We operate a national network.

Local Access Services. Our company provides local leased channels.

International and Domestic Long Distance Services. Our company provides international and long-distance (in the territory of Armenia) leased channels.

Dedicated Internet and Data Services. Our company provides data transmission, as well as broadband and corporative Internet services.

Voice over Data Services. Our company provides IP telephony services.

Carrier and Operator Services

Our carrier and operator services division provides consolidated management of VimpelCom's relationship with other carriers and operators.

Two main areas of focus in this line of business are:

- generating revenue by provisioning a specific range of telecom services to other mobile and fixed-line operators and ISPs in Russia, the CIS countries and abroad; and
- optimizing costs and ensuring the quality of our long distance voice, Internet and data services to and from subscribers of other telecommunications operators and service providers worldwide by means of interconnection agreements.

In an effort to create a single unified transport network for our mobile and fixed telecommunications services by December 31, 2008, we transferred the majority of VimpelCom's international and domestic long distance voice traffic to our own backbone from other Russian long distance carriers. This allowed us in 2009 to reduce voice traffic termination cost by 2.2% as compared to 2008. Also in 2009, we continued consolidation of long distance traffic originated by VimpelCom's subscribers in Russia to achieve maximum cost efficiency with more than 93.0% of our long distance traffic having been transferred via our own backbone with a centralized optimized cost routing.

Carrier and Operator Services in Russia

VimpelCom's carrier and operator services division in Russia provides a range of carrier and operator services, including voice, Internet and data transmission over our own networks.

Historically, VimpelCom provided high volumes of international and domestic voice calls termination for Russian telecommunications operators, as well as voice call termination to Russia, CIS and Baltic states for international telecommunications operators. After the demonopolization of the long distance telephony market in Russia in 2006, VimpelCom received a new type of license for international and national communications services and built an FTN of 11 new international and domestic long distance voice switches to meet regulatory requirements for the activation of the new license. By the end of 2008, VimpelCom's FTN had expanded, consisting of 8 international and 21 domestic long distance switches. This allowed us to improve our status on the international and domestic long distance markets in Russia by providing services that are competitive with those offered by leading telecommunications providers in Russia. In 2009, this infrastructure allowed us to achieve significant traffic growth. International traffic volumes transferred by our FTN in 2009 increased by more than 25.0% in comparison to year 2008. According to iKS-Consulting and the company's reports, by the end of the first half of 2010, we had a leading position in wholesale voice transmission services for foreign carriers and operators in Russia.

Regulatory changes in 2006 introduced new models of inter-operator tariffs to the Russian voice traffic transmission market. There are three types of fixed-line voice services operators, local, zonal and long distance, which are determined in accordance with licenses held by an operator. According to regulations, every long distance voice call originating from a fixed-line subscriber in Russia and/or terminating with a fixed-line subscriber in Russia should be transmitted via all three levels of voice network. All calls that originate or terminate with a mobile user must be transmitted on two levels of voice network. As a universal carrier and service provider, we combine all three levels of licenses and voice networks within Russia. We have a number of our own zonal networks and our own local networks in the most populated regions of Russia.

Our carrier and operator services division also provides domestic and international IP transit services to ISPs in Russia, the CIS and Baltic states. Smaller ISPs can connect to our IP backbone and then use its network to access the Internet. VimpelCom's IP backbone is a native IP/MPLS network with 100 Gb infrastructure and more than 100 access points in Russia. Top Russian content providers such as "Mail.ru" and "Odnoklassniki.ru" have facilities which are located in our data centers and have Internet access via our IP backbone. More than 400 ISPs have an IP exchange with our network as full IP transit customers. We have global traffic exchange points in London, Frankfurt, Amsterdam and New York. These factors allow us to provide ISPs with hi-level bandwidth and connectivity to both Russian and global Internet segments.

Customers and Services

Our carrier and operator services customers include foreign and Russian telecommunications operators and carriers.

Voice Services. For international operators, including traditional incumbents, mobile and VoIP operators, we provide call termination to fixed and mobile destinations in the Russian, CIS and Baltic states. For CIS operators, we provide call termination to Russian and international fixed and mobile destinations. For Russian operators we provide international, domestic, zonal and local voice call transmission services.

Internet Services. Our carrier and operator services division provides IP transit service to Russian, CIS and Baltic states and other operators throughout the world. Russian and CIS operators require global Internet connectivity. International operators require connectivity to the Russian Internet segment. In addition, our carrier and operator services division provides co-location services in our data centers to content providers.

Data Services. We offer three types of data services: private networks, local access, and domestic and international channels.

We have our own local network nodes in the majority of business and trade centers in the largest cities of Russia. Other operators access those business and trade centers by ordering from our local channels that connect to their network nodes.

We have interconnection agreements with international global data network operators who provide one-stop shopping for worldwide data network services for multinational companies. Under these interconnection agreements we provide MPLS-based IP VPN, local, domestic and international private lines, equipment and equipment maintenance for Russia and the CIS.

We also provide high-speed domestic and international channels to international and Russian operators to sell excess backbone network capacity.

Carrier and Operator Services Outside Russia

VimpelCom is the main carrier for all of our group companies in the CIS for voice traffic transmission between countries where we operate and for the majority of our group's international long distance traffic termination and IP transit. This allows the VimpelCom group to transfer subscribers' and transit long distance traffic to and from CIS networks at an optimized cost. By using consolidated volumes of international long distance traffic to achieve lower termination rates on volume commitments. Consolidated volumes of traffic are routed over the extensive interconnections base of our long distance network with a least cost routing system.

Ukraine. Our joint carrier and operator services division in Ukraine provides local, international and intercity long distance voice traffic transmission services to Ukrainian fixed-line and mobile operators on the basis of its proprietary DLD/ILD network as well as IP Transit and data transmission services on the basis of our own domestic and international fiber optic backbone and IP/MPLS data transmission network.

We derive most of our carrier and operator services revenue in Ukraine from voice call termination services to our own mobile network, and other local and international destinations.

Armenia. ArmenTel is the Armenian incumbent mobile and fixed-line operator. ArmenTel operates a national network and local networks in almost in every city of Armenia. ArmenTel provides domestic and international voice termination, intercity and local leased channels and IP transit.

Kazakhstan. KaR-Tel has indirect interconnection with VimpelCom through Limited Liability Partnership TNS-Plus ("TNS-Plus"), in which KaR-Tel owns an interest. KaR-Tel has interconnection agreements with other mobile operators and with Kazakhtelecom, a national carrier. KaR-Tel also has interconnection agreements with other fixed-line operators under which KaR-Tel provides traffic termination services in Kazakhstan.

Uzbekistan. Unitel has an interconnection agreement with Uzbektelecom, the incumbent fixed and mobile services provider in Uzbekistan, through which all national and international traffic is routed. Uzbektelecom also has an interconnection agreement with VimpelCom and with four mobile providers in Uzbekistan (MTS-Uzbekistan, East Telecom, Rubicon Wireless Communication and UCell).

Tajikistan. Tacom has interconnection agreements with eight mobile operators, including local and international operators. Under interconnection agreements, Tacom provides voice call termination to its own

network. Tacom also has a license to provide international communications in Tajikistan which allows to interconnect with VimpelCom directly.

Georgia. Mobitel has interconnection agreements with ArmenTel and VimpelCom, and 30 agreements with local operators. Under these agreements Mobitel provides voice call termination to its own network.

Cambodia. Sotelco has interconnection agreements with eight mobile operators, including local and international operators through the local incumbent Telecom Cambodia. Under interconnection agreements, Sotelco provides voice call termination to its own network. Sotelco also has a license to provide VoIP services in Cambodia which allows to interconnect with Sovintel and also through Telecom Cambodia.

Consumer Internet Services

Our consumer Internet services division provides fixed-line telephony, Internet access and home phone services (on a VoIP and copper wire basis) to customers in Russia, Ukraine, Uzbekistan, Armenia and Kazakhstan.

In Russia, we offer fixed-line and wireless Internet access and dial-up services.

Fixed Broadband Internet Access.

According to research by iKS-Consulting, broadband penetration in Russia reached 33.0% by September 30, 2010. One of our strategic goals is to develop broadband services based on the most up-to-date engineering solutions. Currently, we are focused on developing local infrastructure in order to bring fixed broadband Internet access services to major Russian cities.

For more information on Golden Telecom's FTTB project, please see the "—Fixed-line Telecommunications Equipment and Operations—FTTB Project" section below.

As of September 30, 2010, we had approximately 1.3 million fixed-line broadband subscribers in Russia and 0.07 million fixed-line broadband subscribers in the CIS, representing an increase of approximately 34.5% over the approximately 1.0 million fixed-line broadband subscribers in Russia and an increase of approximately 178.7% over the approximately 0.03 million fixed-line broadband subscribers in the CIS as of September 30, 2009. For Ukraine, we had approximately 0.2 million fixed-line broadband subscribers as of September 30, 2010, an increase of 205.0% over the approximately 0.07 million as of September 30, 2009. Fixed line broadband subscribers are subscribers in the registered subscriber base who were engaged in a revenue generating activity in the three months prior to the measurement date. Such activity includes monthly Internet access using FTTB, xDSL and WiFi technologies.

Additional FTTB services

FTTB IPTV. We launched the FTTB service in January 2009. In May 2009 we enhanced and relaunched the product under the "Beeline TV" brand. Currently Beeline TV product is run in Moscow, Saint Petersburg, Voronezh, Krasnodar, Tula and Novomoskovsk, Kaluga, Lipetsk, Saratov and Engels, Ufa and Yaroslavl. Last one was launched in October 2010. As of September 30, 2010, we had approximately 79,300 IPTV subscribers in total. Our service has two unique market features: first, all set-top-boxes ("STBs") are high definition ("HD") technology compatible which allows us to broadcast HD content to every our customer. Second, we provide STBs with digital video recorder ("DVR") functions, which allow users watch TV content on-demand and to pause and rewind live television.

Wireless Broadband Internet Access. On March 1, 2007, Golden Telecom launched commercial operation of its WiFi network, offering prepaid Internet access to the mass market under the "Golden WiFi" brand. Since September 22, 2008, the service has been provided under "Beeline WiFi" brand. According to iKS Consulting, Beeline WiFi is the world's largest metropolitan wireless network and includes the greater part of Moscow's city center and many other areas of the city. As of September 30, 2010, our company had installed more than 12,000 WiFi access nodes in Moscow.

Our most recognized partners in providing WiFi services are Domodedovo and Sheremetyevo Airports, McDonalds, Starbucks, Coffee-House, MEGA and IKEA trade centers.

xDSL Services. Since 2005, Golden Telecom has developed broadband Internet access on the basis of xDSL technologies. As of September 30, 2010, more than 95.0% of connections use ADSL technologies. xDSL-networks

are used in 11 major cities in Russia. As of September 30, 2010, we had approximately 40,500 xDSL subscribers in Russia.

Dial-up Internet Access. We continue to offer dial-up Internet services to consumers in Russia. With over 50 locations, we are the largest ISP in the CIS. We plan to continue providing dial-up Internet services while migrating dial-up Internet customers onto new Internet access products such as FTTB, USB-modems and WiFi.

Traditional Voice. Since 2005, Golden Telecom has provided home phone services to the mass market. Golden Telecom provides the same services as its main competitor, the Svyazinvest Group. As of September 30, 2010, we had approximately 174,000 subscribers in 34 regions in Russia.

Pay TV (Cable TV) Services. Golden Telecom provides traditional cable TV services in certain cities in Russia. As of September 30, 2010, we had approximately 84.6 thousand subscribers in these cities.

In Ukraine, Uzbekistan, Armenia and Kazakhstan, with the exception of Pay TV, we offer the same spectrum of fixed-line and wireless Internet access and dial-up services. In Armenia, we offer PSTN-fixed and IP telephony services, as well as fixed broadband Internet access based on ADSL technology and dial-up services and wireless Internet access based on CDMA technology.

Marketing and Distribution

Mobile Services

Target Subscribers and Tariffs

We offer to both our contract and prepaid subscribers a variety of tariff plans, each appealing to a specific subscriber segment and designed to fit different calling patterns. Our principal tariff plans are marketed under our "Beeline" trade name.

Russia

In Russia, we offer our subscribers several national prepaid and contract tariff plans, each offering a different benefit and targeting a certain type of subscriber (such as business users, high-ARPU subscribers, families or young, active subscribers). We also offer a number of local tariff plans. Our tariff plans in Russia are almost exclusively Russian ruble-based but there are a limited number of U.S. dollar linked price plans (based on a fixed exchange rate).

VimpelCom divides its primary target subscribers in Russia into four groups:

- key/national accounts, in which monthly revenue for mobile and fixed line services exceed US$10,000.0;
- large accounts, in which monthly revenue for mobile and fixed line services exceed US$2,000.0 or companies having high revenue potential;
- SME subscribers in which monthly revenue for mobile and fixed line services is less than US$2,000.0; and
- mass market subscribers.

In the third quarter of 2010, we launched a new national price plan in Russia called "Simple Logic" which allows subscribers who "top-up" their account balance to have a lower per-minute local calling rate for a specified period of either 15 days or 30 days, depending upon the amount of the "top-up." In November 2010, we began promoting our existing national plan called "Beeline World" which provides special on-net pricing for local and long distance mobile calls and international long distance calls to Uzbekistan, Tajikistan, Ukraine, Georgia, Kazakhstan, Armenia, Kyrgyzstan, Vietnam and Cambodia.

We also offer specific business VAS and voice tariff plans with discounts and special pricing for unlimited access to Internet services for our key/national accounts. The revenues from VimpelCom's key/national accounts, including all multi-regional companies and government institutions, is included in the total revenues for VimpelCom's business and corporate division.

As of September 30, 2010, VimpelCom in Russia had a total key/national, large accounts and SME mobile subscriber base of approximately 5.0 million (+23.7% from the end of December 2009), of which approximately

11.2% comprised key/national accounts, 46.9% comprised SMEs and approximately 41.9% comprised large account subscribers. VimpelCom's business and corporate division in Russia generated approximately 24.1% of its total revenues in the first nine months of 2010.

The typical corporate subscriber pays on a contract basis for our fixed and mobile services. VimpelCom provides its corporate subscribers with a range of additional value-added services, including specialized customer service, tailored pricing arrangements and access to sophisticated technological options, such as individual corporate wireless networks.

For USB-modem customers, VimpelCom offers special mass market tariffs that were developed for Internet access purposes with closed voice service. Tariffs differ by subscriber needs. In regions in which we use a 3G network (77 regions at September 30, 2010), subscribers benefit from lower tariffs and higher speeds. We implemented several unlimited tariffs and started sales of data-tariffs without USB-modems with attractive prices for Internet access.

Kazakhstan

In Kazakhstan, KaR-Tel offers more than ten different regional and nationwide tenge-based tariff plans for the consumer market and more than ten different tenge-based tariff plans for its business segment, each targeted at a different type of subscriber.

KaR-Tel divides its primary target subscribers into four large groups:

- large account corporate subscribers with an average monthly bill of US$2,300.0 or higher;
- SME subscribers with an average monthly bill of less than US$2,300.0;
- national clients with any number of employees, but that are industry leaders with a presence in more than one region of the country; and
- mass market subscribers.

Businesses and governmental entities that use mobile services on a contract basis are grouped together as part of KaR-Tel's business and corporate division.

As of September 30, 2010, KaR-Tel had a total active large account corporate and SME subscriber base of approximately 300,000, of which approximately 81.0% comprised SMEs and approximately 19.0% comprised large account corporate subscribers. KaR-Tel's business and corporate division generated approximately 7.8% of its total revenues in the first nine months of 2010.

In order to promote further growth of our subscriber base, KaR-Tel is able to offer a number of advanced services to the corporate and mass market subscribers with high ARPU, while at the same time providing lower priced services for the more cost-sensitive mass market subscribers.

Uzbekistan

In Uzbekistan, Unitel offers different prepaid tariff plans in two currencies (U.S. dollars and Uzbek soms), each one offering a different benefit and targeting a certain type of subscriber. Currently, more than 60.0% of Unitel's subscribers use tariff plans based in Uzbek soms.

Unitel divides its primary target subscribers into four large groups:

- key/national accounts, in which monthly revenue for mobile and fixed line services exceed US$7,000.0;
- large account corporate subscribers with an average monthly bill of US$1,000.0 or higher and more than 25 employees;
- SME subscribers in which monthly revenue is less than US$1,000.0 and has 25 or fewer employees and high-income individual subscribers; and
- mass market subscribers.

Businesses and governmental entities that use mobile services on a contract basis are grouped together as part of Unitel's large business and corporate division.

As of September 30, 2010, Unitel had a total key/national, large accounts and SME mobile subscriber base of approximately 100,000, of which approximately 0.1% comprised Key/National accounts, 82.5% comprised SMEs and approximately 17.5% comprised large account subscribers. Unitel's business and corporate division generated approximately 8.3% of its total revenues in the first nine months of 2010.

Through its GSM network, Unitel offers a number of advanced services to the corporate and high-value subscribers, while at the same time providing low-priced services for the more cost-sensitive mass market subscribers.

Ukraine

In Ukraine, URS offers several hryvnia-based prepaid and contract tariff plans, each one targeted at a different type of subscriber.

URS divides its primary target subscribers into two large groups:

- SME subscribers; and
- mass market subscribers.

URS had approximately 2.5 million subscribers in Ukraine as of September 30, 2010, including approximately 2.4 million prepaid subscribers and 0.05 million postpaid subscribers, representing 98.0% and 2.0% of its subscribers, respectively, as compared to 2.1 million subscribers as of September 30, 2009.

Armenia

In Armenia, ArmenTel offers several dram-based prepaid and contract tariff plans, each one targeted at a different type of subscriber. In 2009, ArmenTel modified its tariff plans for contract subscribers and launched new corporate tariff plans. In May 2010, ArmenTel launched "Beeline" phones' sales with contract tariff plan. Also in 2010 there were launched sales of "Regional" tariff plans, and new corporate tariff plans "Exclusive Line".

ArmenTel divides its primary target subscribers into three groups:

- large corporate subscribers with service charges of US$3,000.0 or more, as well as certain international, governmental and strategic organizations;
- SME subscribers that are all other corporate subscribers that are not included in large segment; and
- mass market subscribers.

Businesses and governmental entities that use mobile services on a contract basis are grouped together as part of ArmenTel's business and corporate division.

As of September 30, 2010, ArmenTel had a total corporate subscriber base of approximately 74,823, of which approximately 20.0% comprised large corporate subscribers and approximately 80.0% comprised SMEs. ArmenTel's business and corporate division generated approximately 25.0% of its total revenues in the first nine months of 2010.

Tajikistan

In Tajikistan, Tacom offers several U.S. dollar-based and Tajik somoni-based prepaid and contract tariff plans, each one targeted at a different type of subscriber.

Tacom divides its primary target subscribers into two groups:

- mass market subscribers; and
- corporate subscribers.

As of September 30, 2010, Tacom had a total corporate subscriber base of approximately 15,436, which represents approximately 2.0% of Tacom's total subscriber base. Tacom's business and corporate division generated approximately 3.1% of its total revenues in the first nine months of 2010.

Georgia

In Georgia, Mobitel offers four national lari-based prepaid tariff plans, each one targeted at a different type of subscriber. Mobitel divides its primary target subscribers into three groups:

- large account subscribers with an average monthly bill of approximately US$1,100 or higher;
- SME subscribers; and
- mass market subscribers.

As of September 30, 2010, Mobitel offers four contract-based postpaid tariff plans and four prepaid tariff plans for its SME corporate customers, as well as individual tariff proposals for its large account subscribers.

As of September 30, 2010, Mobitel had a total corporate subscriber base of approximately 23,700 registered subscribers. Mobitel's business and corporate division generated approximately 3.92% of its total revenues in the first nine months of 2010.

Kyrgyzstan

In Kyrgyzstan, Sky Mobile offers many prepaid price plans in two currencies (U.S. dollars and Kyrgyz soms, or KGS), each one offering a different benefit and targeting a certain type of subscriber. Sky Mobile offers a wide range of contract tariff plans to business clients, each targeted at a different type of subscriber. Sky Mobile's tariff plans are almost exclusively Kyrgyz som-based but there are a limited number of U.S. dollar-based price plans.

Sky Mobile divides its primary target subscribers into three large groups:

- large account corporate subscribers with an average monthly bill of 50.000-70.000 KGS or higher, including national companies (with any number of employees, but that are industry leaders with a presence in more than one region of the country) and governmental clients;
- SME subscribers with an average monthly bill of less than 50.000-70.000 KGS; and
- mass market subscribers.

Businesses and governmental entities that use mobile services on a contract basis are grouped together as part of Sky Mobile's business and corporate division.

As of September 30, 2010, Sky Mobile had approximately 1.8 million subscribers in Kyrgyzstan, including approximately 1.7 million mass market subscribers and 0.05 million subscribers in the business and corporate division, representing 97.2% and 2.8% of its subscribers, respectively. Sky Mobile's business and corporate division generated approximately 8.4% of its total revenues in the first nine months of 2010.

Cambodia

In Cambodia, Sotelco offers one prepaid national price plan with a low rate for on-network calls. Postpaid plans are under development. All services are offered under the Beeline brand. Our main target audience is youth, following the demographics of this country with one of the youngest populations in Asia.

Advertising

Since our acquisition of Golden Telecom, we have advertised almost all of our telecommunications services and products under the "Beeline" brand name. The final stage of the re-branding (planned for 2010-2011) includes Golden Telecom products and services for the mass market.

We provide promotional information in our consumer invoices and on our prepaid cards to inform customers of alternative pricing arrangements, dealer locations and new services targeted to specific market segments. We conduct significant advertising campaigns through popular publications, on radio and television, in outdoor media and on the Internet. We conduct our advertising campaigns in cooperation with our licensees to further increase the exposure of the "Beeline" brand name. We derive substantial marketing benefits from brand recognition, both with existing customers traveling outside of our service areas and with potential new customers moving into our license areas. We also work with dealers on joint advertising and to ensure that the integrity and high quality image of the "Beeline" brand name is preserved.

We believe the Beeline advertising is recognized in Russia and in other countries as one of the most creative advertising campaigns. In Russia, Beeline surpasses other telecommunications brands in the composite ranking of the attractiveness of advertising by a considerable margin, according to a 2009 ranking from an advertising assessment report by the TNS Agency. In August 2009, our Vietnamese television ad came first place in Thanh Dat Magazine's top ten commercials ranking. Our Kazakh television ad won the "Lion cub" special prize at the Cannes Lions Kazakhstan Festival in 2008. In Uzbekistan, following a study conducted by DE FACTO agency in December 2008, Beeline television and outdoor advertising was ranked as the most memorable.

In 2009, the Beeline brand was named the leading brand corporation in Russia and ranked 39th in the Top 50 Most Valuable European Brands, with a €7.9 billion brand value, by the European Brand Institute. In 2010, the Beeline brand was also ranked in the Brandz Top 100 Brand Ranking with an US$8.2 billion brand value, by Millward Brown.

We also provide our telecommunications services in Kazakhstan, Uzbekistan, Ukraine, Armenia, Tajikistan, Georgia, Kyrgyzstan, Cambodia and Vietnam under the "Beeline" brand name.

iPhones

We believe that sales of iPhones and iPads will contribute to an increase in the sales of our data services. As part of our strategy to develop our data services portfolio, we expect to promote iPhone and iPad price plan options through radio and television advertising and with promotional materials in dealer outlets. In regions where we have good WiFi networks (such as Moscow) we expect to provide special price plans with unlimited WiFi access included in a monthly fee. To increase use of VAS by iPhone and iPad users we have developed a special downloadable application available in the Apple AppStore that provides easy access to some of our popular services. In the future, we expect that the application we have developed will be updated with new services and features. In addition, in order to reach higher sales of iPhones and iPads to our customers, we expect to cooperate with Euroset and promote iPhone services in Euroset retail stores.

Distribution

Our distribution strategy currently focuses on making our products and services more affordable and widely available to potential new and existing subscribers. We offer our products through independent dealers at an extensive range of points of sale throughout each country in which we offer services. Subscribers can replenish prepaid balances in a variety of ways, including through use of prepaid scratch cards or our Universal Payment System. As a result of our strategy, we tend to attract a greater mix of mass-market subscribers, most of whom enroll through independent dealers as compared to our corporate and high value customers who mostly enroll directly with us. Additionally, in October 2008, we acquired 49.9% of Euroset, a leading independent retailer in Russia, which significantly enhanced our distribution capabilities. The table below provides a break-down of the principal categories of our distributors in the countries where we operate as of September 30, 2010.

	Independent Dealers	Points of Sale	Prepaid Scratch Card Purchase Location[1]	Cash Collection Points[2]
		(As of September 30, 2010)		
Russia	2,560	39,500	57,300	238,000
Kazakhstan	333	8,773	29,771	28,915
Uzbekistan	2,698	4,736	5,480	20,484
Ukraine[3]	1,026	20,473	21,008	50,240
Armenia (mobile)	117	3,324	8,418	2,554
Tajikistan	131	1,632	1,763	7,890
Georgia	167	1,421	4,971	7,604
Kyrgyzstan	234	4,371	3,047	9,656
Cambodia	1,036	3,233	6,428	—

(1) Prepaid scratch cards are sold at our sales offices as well as through a network of dealers and various retail distribution channels, such as bank branches, supermarkets, grocery stores, kiosks, restaurants and gas stations.

(2) Cash collection points where subscribers can replenish prepaid balances through our Universal Payment Systems are located throughout each jurisdiction (including our sales offices, dealers' sales outlets, supermarkets, bank branches, gas stations and ATM machines).

(3) Figures exclude Golden Telecom's mobile operations in Ukraine.

VimpelCom pays commissions to dealers for enrolling subscribers, which are based on the subscriber's spending within the six-month period after being enrolled up to a specified limit.

The commissions in CIS countries typically vary by the initial balance included with the SIM card, the subscriber's price plans, and the subscriber's expenditures. In all countries excluding Ukraine and Kyrgyzstan, registration of new subscribers in the billing system by dealers is required for payment of dealer commissions. In Ukraine and Kyrgyzstan, subscribers' registration is not required by law.

Customer service and loyalty programs

We place a high priority on providing consistently high quality customer service to our subscribers. VimpelCom has customer service centers in all of its sales offices throughout Russia, including 19 dedicated walk-in centers in Moscow and five in Moscow Region. VimpelCom handles the majority of its customer contacts through call centers (13 in Russia, one in Ukraine, six in the CIS and two in Cambodia and Vietnam). VimpelCom call centers support a wide range of services, products and devices, including mobile, FTTB, Residential Broadband and iPhones. As of September 30, 2010, VimpelCom employed approximately 7,221 service representatives in its subscriber service department (of which approximately 5,750 were in Russia, approximately 186 were in Ukraine, approximately 1,187 were in the CIS and approximately 98 were in Cambodia and Vietnam).

We recognize the need to continuously build and increase the loyalty of our subscribers. Accordingly, we have developed marketing activities specifically designed to promote subscriber loyalty.

Our loyalty programs are designed to retain our existing subscribers, thereby reducing churn, and increasing customer spending. In 2006, we launched a loyalty family program called "Malina" in the Moscow license area with other vendors and service providers. Through a variety of incentives, this program aims to decrease churn among our mass market subscribers, increase usage of "Beeline" services and attract target market subscribers from our competitors. We also launched the Data Warehouse program, which allows us to provide cross-partner programs in which we analyze Malina members' activities with other program partners. As of September 30, 2010, 915,437 Beeline users participated in the Malina program. In 2007, Hi-Light Club, or HLC, our loyalty program for high ARPU clients (launched in March 2005) became a nationwide program and is being developed as a centralized program managed from Moscow. As of September 30, 2010, the total number of participants in the HLC exceeded 1.2 million (392,462 in Moscow and 778,752 in other regions).

In CIS markets, we actively developed activities to retain our subscribers. We continue to develop existing loyalty programs in Kazakhstan ("Zhasa!") and Armenia ("Beeline Bonus"). Also, in spring 2010, loyalty programs were launched in Kyrgyzstan ("Beeline Bonus") and Uzbekistan ("Beeline Club"). All of our loyalty programs are designed to decrease churn and increase ARPU. As of September 30, 2010, the total amount of participants in our loyalty programs in all CIS countries exceeded 4.0 million subscribers (2.5 million in Kazakhstan, 0.9 million in Uzbekistan, 0.1 million in Armenia, and 0.75 million in Kyrgyzstan).

We actively use targeted marketing to retain subscribers. We regularly launch targeted campaigns, such as the "Spend and get a gift of on-network minutes" campaign for Beeline Active subscribers with a certain ARPU and the "Charge and get a gift of 30 minutes" campaign for Beeline Suspend subscribers whose outgoing communication services have been placed on hold due to the exhaustion of their account balance. In fall 2010, we started to apply data mining analysis to predict the propensity for churn for each subscriber. We believe this technique will allow us to increase efficiency of churn reduction by means of targeted marketing campaigns.

Fixed-line Marketing and Pricing

We provide a variety of tariff plans all over Russia and CIS including regular promo tariffs with unlimited access price plans, lock-in contracts and multiregional offers; and special fixed + mobile offers that include on-network convergent price plans and IPVPN + Mobile VPN price packages. Our tariff plans are aimed at attracting new clients and keeping existing ones. Tariff plan usage depends on the type of subscriber. The majority of SME subscribers use standard tariff plans while large account subscribers and key/national account clients tend to use individual price offers. Marketing activities in Russia and CIS include national and local promotion, regular updates of tariff plans for all services, and the introduction of unique pricing features such as packages of minutes for a specified direction, a "preferred time" option which allows discounted calls during a chosen time period, and national unlimited price plans for IPVPN.

Business and Corporate Services (BCS)

Russia

As of September 30, 2010, we utilize a direct sales force consisting of approximately 260 sales and account managers in Moscow, operating both with fixed and mobile corporate customers and supported by specialists in technical sales support, marketing, customer service and end-user training. In addition, we employ a team of regional sales managers (approximately 310) and a dedicated sales force in each of our 77 regional branch offices, in addition to having sales incentive plans with our regional partners.

We train our employees to provide a high level of customer service. In the typical case, we offer our services at competitive prices in comparison with incumbent local / national operators and other alternative operators in the market. We base our pricing on research results, market price level, competition in all regions, and customer expectations learned through direct feedback from our new and existing clients. Additionally, we monitor price levels for similar services in other countries around the world. Our large customers may be eligible for volume discounts at defined revenue thresholds. We also apply a discount policy within cross-sales (selling convergence fixed and mobile services to the same client).

While pricing competition remains a factor, especially for voice services, many corporate data networking customers place more value on network coverage, reliability and the ability to design, install and maintain local area networks, or LANs, and wide area networks, or WANs. These customers often require integrated solutions, including connections to offices located in different cities. To meet these requests, we currently offer a range of services aimed to provide installation and maintenance of customers' equipment and local networks in Moscow and other regions. We currently provide full network support for a number of key clients, and we are actively working on new products which we believe will allow us to provide a whole range of managed services including managed IPVPN, managed PBX, managed security, managed storage and managed workplaces.

Ukraine

Our company emphasizes high customer service quality and reliability for its corporate large accounts while at the same time focusing on the development of its SME and mass market offerings. It sells to corporate customers through a direct sales force and various alternative distribution channels such as IT servicing organizations and business center owners, and to the mass market through alternative distribution channels such as agent networks.

We use a customized pricing model for large accounts which includes, among other things, service or tariff discounts, volume discounts, progressive discount schemes and volume lock pricing. We use standardized pricing for SMEs and mass market customers.

Consumer Fixed Internet Services

Russia

Fixed Broadband Internet Access. When it comes to the FTTB services, the VimpelCom offers a wide range of tariffs targeted to different customer segments. There are four unlimited tariff plans with monthly fees but different speeds for active Internet users, as well as a set of tariffs with limited packages of traffic but with the highest possible connection speeds (up to 100 Mbps). There is also a special tariff for mobile customers with certain preferences. VimpelCom also provides a range of VAS such as static IP address, trusted payment, antiviruses (Kasperskiy and Dr.WEB) and WiFi routers.

FTTB IPTV. TV service is provided on a monthly fee basis. STBs can be rented or bought by customers. We also have launched VAS for TV service: Video On Demand (with a library of more than 3,000 items), web-on-TV (together with Yandex—largest Russian web portal), and recommendation engine (a STB remind customer about the start of a customer's regularly viewed TV shows). Also, STB can record TV shows that may be interesting for the customer based on their viewing history.

xDSL Services. For xDSL services, our company offers an unlimited tariff plan and tariff plans that depend on traffic volume and connection speed.

Wireless Broadband Internet Access. Our company offers WiFi tariff plans that include unlimited usage plans and plans that charge by usage. Our company also offers special prices for mobile and FTTB users.

Dial-up Internet Access. Currently, our company offers prepaid tariff plans for all mass market services. Customers can purchase scratch cards from points of sale, pay through an electronic payment system or make a payment at one of our sales offices. We use our distribution network to communicate with our subscribers and for trade marketing activities. Moscow and regional subscribers can call their call centers for customer and technical support.

Pay TV (Cable TV) Services. VimpelCom offers two tariff plans: "Social" for customers who needs basic TV channels (10-12 channels) and "Commercial" with 45-55 TV channels.

Ukraine

URS marketing strategy is focused on subscribers' acquisition. We offer several hryvnia-based tariff plans, each one targeted at a different type of subscriber. Advertising campaigns use primarily outdoor, Internet and BTL media. We also sell services through direct sales force.

Equipment and Operations

Mobile Telecommunications Equipment and Operations

Mobile telecommunications network infrastructure

GSM and 3G technologies are based on an "open architecture," which means that equipment from any supplier can be added to expand the initial network. Our GSM/GPRS/EDGE networks, which use Alcatel-Lucent, Ericsson, Huawei, Motorola and Nokia Siemens Networks equipment, are integrated wireless networks of base station equipment, packet core equipment and digital wireless switches connected by fixed microwave transmission links, fiber optic cable links and leased lines. We manage all major suppliers centrally to leverage the whole group and ensure we receive on an ongoing basis the best commercial terms possible. We make supplier selection decisions based on a total cost of ownership, seeking to optimize network operations and provide the best value end customer experience.

In 2006, we launched a 3G network in Tajikistan based on Huawei equipment. In 2008, we launched 3G networks in Uzbekistan and Armenia, and in December 2010, we launched 3G networks in Kazakhstan and Kyrgyzstan. These networks provide all common 3G services, including video calling. In March 2008, we launched a TDM/VoIP international gateway in Kazakhstan.

In Cambodia, during first nine months of 2010 we added 221 new sites extending network coverage and increased capacity.

As of September 30, 2010, we launched 3G in 462 cities in Russia. All our 3G networks support High Speed Packet Access ("HSPA") service and ready for Evolved High Speed Packet Access ("HSPA+") introduction without significant expenses.

The table below sets forth certain information on our network equipment as of September 30, 2010.

	Base Stations(*)	Base Station Controllers(*)	Switches(*)	Territorial Coverage	Sq Kilometers
Russia	31,177	779	323	3,200,000	million sq. kilometers
Kazakhstan	3,272	80	30	678,616	thousand sq. kilometers
Uzbekistan	1,773	29	26	170,048	thousand sq. kilometers
Ukraine	3,020	22	25	305,614	thousand sq. kilometers
Armenia	670	2	4	28,650	thousand sq. kilometers
Tajikistan	604	6	6	50,716	thousand sq. kilometers
Georgia	707	11	5	31,692	thousand sq. kilometers
Kyrgyzstan	853	10	7	49,986	thousand sq. kilometers
Cambodia	867	6	1	66,077	thousand sq. kilometers

* Includes 3G equipment.

To avoid network constraints, we expect to extend our network capabilities through hardware and software extensions in 2010. We base our expansion decisions on current equipment load, existing marketing plans and new product and services launches.

Site procurement and maintenance

We enter into agreements for the location of base stations in the form of either leases or cooperation agreements that provide us with the use of certain spaces for our base stations and equipment. Under these leases or cooperation agreements, we typically have the right to use premises located in attics or on top floors of buildings for base stations and space on roofs of buildings for antennas.

Telephone numbering capacity

The Federal Communications Agency allocates all numbering capacity necessary for communication networks operation on a non-geographical and geographical basis for all telecommunications providers in Russia. We are required to pay 20.0 Russian rubles per telephone number according to the federal law which came into effect on January 28, 2010. This payment requirement applies to new numbers allocated after January 28, 2010. Numbering capacity is also allocated to us in the other CIS countries in which we operate by government agencies. For more information about numbering capacity allocation, please see "Regulation of Telecommunications" below.

Handsets and accessories

Our subscribers must have a handset that can be used on our mobile networks. Subscribers in Russia and the CIS can purchase handsets from us, from a dealer or supplier or from another service provider. We do not expect to earn a significant profit on the sale of handsets and accessories. Rather, we intend to sell handsets and accessories to help attract subscribers and ensure the supply of handsets in the marketplace. Our handset sale strategy focuses on traffic generating devices such as the iPhone 3G and 3GS and the Blackberry. We started mass market sales through our own offices and dealer shops of iPhone devices in the fourth quarter of 2008 and Blackberry devices in the fourth quarter of 2009.

In the second quarter of 2010, we began selling ultra-low-cost handsets to attract new voice customers. In the fourth quarter of 2010, VimpelCom began selling a portfolio of branded devices, including low cost 2G and 3G handsets, 3G smartphones, 3G tablet PCs, 3G WiFi routers and 3G USB modems. The software on branded devices is customized to increase data and mobile revenue. All devices will be SIM-locked for Beeline networks in Russia, the CIS and other countries, although to avoid legal risks, customers are permitted to unlock devices in Beeline stores for free. All devices will be sold bundled with Beeline SIM cards. VimpelCom does not plan to limit the distribution of branded devices and is ultimately targeting distribution of branded devices in approximately 10,000 points of sale in Russia.

New technology

VimpelCom is moving towards broadband connection environment deploying wired and wireless highspeed technologies.

We have been working on next generation long term evolution, or LTE, pilot projects to be launched in some of the CIS countries and in Russia. We are also implementing 3G HSPA and HSPA+ protocols on our mobile network. To support radio interface expansion, we are continuously upgrading mobile backhaul with high speed IP and hybrid microwaves, connecting NodeBs to fiber.

To support rapidly growing data traffic, we have installed dense wavelength division multiplexing, or DWDM, equipment on our Russian backbone and some CIS countries. We are also implementing an expansion of our IP backbone network to support movement to an all-IP network architecture.

Fixed-line Telecommunications Equipment and Operations

Fixed-line Telecommunications Network Infrastructure

Russia

Our transport network carries voice, data and Internet traffic of mobile network, FTTB and our fixed customers. The intercity backbone of our transport network is based on our own optical cable network. The main

fiber ring of our network connects the following major cities in the European part of Russia: Moscow, Voronezh, Rostov, Krasnodar, Volgograd, Saratov, Samara, Ufa, Kazan, Nizhny Novgorod. We also have a Urals optical ring connecting Chelyabinsk, Yekaterinburg, Perm, and Tyumen. Our protected optical line connects Moscow and St. Petersburg, and passes to Stockholm, London and Frankfurt, where we have interconnections with major European and international telecommunications operators. Two independent optical lines connect our optical networks in Russia and Ukraine. We have also built a cross boundary line in Kazakhstan, which connects our Russian network to our networks in Kazakhstan, Uzbekistan and to Asian telecommunications operators. We have also built an intercity line to the Far East called "UralSib." This line will connect the following major cities in the Ural and Far East regions: Tumen, Omsk, Novosibirsk, Kemerovo and Krasnoyarsk. We also lease capacity from Rostelecom, Transtelcom, Eurotel and other providers to reach the Eastern part of Russia. Our lease agreements with Eurotel give us the right to exclusive, unlimited and irrevocable use. We also use satellite technology to connect remote sites where terrestrial communications are not available.

Our regional transport networks are based on SDH and MEN technology, we have built local SDH networks in more than 100 cities of Russia. We have also built the interregional (so-called "zone") transport networks that connect our sites in small towns and countryside. The total length of regional fiber cables constructed within the cities is 27,015 km. The MEN network is constructed in more than 40 cities which provide our customers with IP VPN services, voice services and access to Internet.

Our fixed voice network has three levels—local, regional (zone) and federal. The local voice networks, constructed in 72 cities, provide customers with fixed voice services. Our local network in Moscow is integrated into telephone network and connected to 142 transit and local node of telephone urban set (UTN). We have completed construction of zone networks in 50 Russian regions, which helps us to minimize payments to incumbent local operators for voice transit. Our Federal transit network consists of eight international transit exchanges, 14 intercity communications transit exchanges installed in each of the federal districts of Russia, and connection points (access nodes) located in each region of Russia. The network provides mobile and fixed customers with long-distance voice services and minimizes our costs of traffic.

Our IP/MPLS data network carries IP traffic of the mobile network and FTTB and lets us provide our customers with IP VPN services. Our Internet network is the largest in Russia and carries 30.0% of total Internet traffic in Russia. We have 20G interconnections with major ISPs in Russia—Transtelecom, Comcor, Net by Net, MTU and others.

Ukraine

Our fixed-line telecommunication network, or FTN, in Ukraine consists of voice and data segments based on our own optical DWDM/SDH transmission layer and some leased capacity. Our FTN is designed to provide a full spectrum of telecommunication services for corporate and enterprise customers, including: Time-Divisions Multoplexing, or TDM, voice, IP voice, IP VPN, Private Leasing Channel, or PLC, Frame Relay, or FR, Internet access and co-location.

Our company also has voice and data connections to international operators.

Uzbekistan

Our subsidiary Buzton's network provides international telephony and Internet access through JSC Uzbektelecom. Buzton's network consists of 96 nodes situated all over Uzbekistan—45 are located in Tashkent, 12 are in regional centers and the rest are remote nodes. The main technologies of access network are ADSL (13,784 ports) and FTTB (18,696 ports). Our main line in Tashkent is based on fiber-optic equipment. The network also includes long-leased channels and local fiber-optic networks in Tashkent, Zarafshan and Uchkuduk.

Armenia

ArmenTel's fixed infrastructure covers all districts of Armenia with a full set of equipment (international gateway, digital-analog exchanges, copper wire access network, fiber-optic backbone network, data network). Its network consists of 175 exchanges of which 71 are digital. Our company provides interconnection with international operators and national mobile operators in Armenia. ArmenTel's CDMA Wireless Local Loop network is used to provide fixed telephone services to rural customers.

Kazakhstan

Our subsidiaries KZ-Trans and SA-Telecom provide a wide spectrum of fixed-line telecommunications services, including Internet access, ADSL, FTTB, WiFi, VoIP, VPN and VSAT. KZ-Trans owns more than 4,500 kilometers of fiber optic main lines across Kazakhstan, which are based on Ericsson and Huawei SDH/DWDM equipment. As of September 30, 2010, we have 5,829 subscribers connected via FTTB technology in Almaty, Astana and Dzhezkazgan.

FTTB Project

Our company is rolling out FTTB networks in Russia and the CIS. Technically, FTTB offers higher transmission speed, more bandwidth and better security compared to all existing xDSL and other quasi-broadband solutions. In Russia, where the local loop has not been unbundled and the quality of copper lines is generally poor, construction of fiber networks helps to create alternative high quality access to subscribers' apartments.

As of September 30, 2010, we had approximately 1.4 million subscribers connected to our FTTB network. The network operates in 115 cities across Russia (83) and the CIS (32). The acquisition of Corbina Telecom in 2007 strengthened our company's position in the broadband Internet market. We have the largest FTTB network in Moscow and the core broadband market in Russia. Our management has experience in an efficient rollout of fiber optic networks in densely populated metropolitan areas.

Our IPTV project is based on Microsoft Mediaroom solutions that brings state-of-the art functionality like time-shifted TV, instant channel change and so on that gives absolutely new interaction with TV experience to the customer.

In Ukraine, we offer a prepaid FTTB service that currently provides Internet access with a speed of up to 100 Mbit/s in any traffic direction in 26 of the larger cities. We launched IP voice line (for business clients) and IP-TV services for FTTB subscribers in two cities in 2010.

Intellectual Property

We rely on a combination of trademarks, service marks and domain name registrations, copyright protection and contractual restrictions to establish and protect our technologies, brand name, logos, marketing designs and Internet domain names. We have registered and applied to register certain trademarks and service marks with the Russian Agency for Patents and Trademarks in connection with our mobile telecommunications businesses. We have also registered and applied to register certain trademarks and service marks with the World Intellectual Property Organization in order to protect them in certain countries of the CIS.

Our registered trademarks and service marks include our brand name, logos and certain advertising features. With respect to domain names, we have registered the "VimpelCom.com" domain name with Network Solutions, which is one of the principal domain name registration services for the Internet. We have also registered the "VimpelCom.ru", "beeline.ru", "beelinegsm.ru", "beeonline.ru", "beeplus.ru", "beeline.net" and certain other domain names with the Russian Scientific Research Institute on Development of Public Networks. The domain name "beeline.mobi" was registered with Dotster Inc. in June 2006. We have registered national domain names such as "beeline.tj", "beeline.ua", "beeline.kz", and "beeline.am" with the national registrars of Tajikistan, Ukraine, Kazakhstan and Armenia, respectively. Our copyrights are principally in the area of computer software for service applications developed in connection with our mobile and fixed-line network platform. We have copyrights to some of the designs we use in marketing and advertising our mobile services in Russia.

Properties

VimpelCom's principal place of business is in a series of five buildings consisting of approximately 24,000 square meters that we own at 10, Ulitsa 8Marta in Moscow. We use these buildings as an administrative office, technical center warehouse and operating facility. In addition, we own a series of six buildings on Lesnoryadsky Pereulok in Moscow, constituting approximately 15,500 square meters, that are used as an administrative office, warehouse and operating facility. These buildings also house the main switches for our Moscow GSM-900/1800 network and our main and reserve IT centers. VimpelCom also has offices at 4, Krasnoproletarskaya Street, in the center of Moscow. It consists of three leased administrative buildings of approximately 32,400 square meters. We also own a portion of a building in the center of Moscow on Ulitsa 1st Tverskaya Yamskaya consisting of approximately 3,000 square meters that we use as a subscriber service center,

administrative and sales office. We also own office buildings in some of our regional license areas and lease space on an as-needed basis.

For a description of certain telecommunications equipment that we own, please see "—Equipment and Operations—Mobile Telecommunications Equipment and Operations—Mobile telecommunications network infrastructure" and "—Equipment and Operations—Fixed-line Telecommunications Equipment and Operations—Fixed-line telecommunications network infrastructure" above.

Legal Proceedings

KaR-Tel Litigation

Prior to our acquisition of KaR-Tel, in November 2003, KaR-Tel redeemed for an aggregate of 450,000.0 Kazakhstani tenge (or approximately US$3,100.0 based on the Kazakhstani tenge to U.S. dollar exchange rate as of December 31, 2003) the equity interests of Turkish companies, Rumeli Telecom A.S. and Telsim Mobil Telekomunikasyon Hizmetleri A.S., owning an aggregate of 60.0% of the equity interests in KaR-Tel, referred to herein as the Former Shareholders, in accordance with an October 30, 2003 decision of the Review Panel of the Supreme Court of Kazakhstan. The decision was based on the finding that the Former Shareholders inflicted material damage on KaR-Tel by causing KaR-Tel to lose a valuable government tax concession and selling KaR-Tel obsolete and over-priced telecommunications equipment. The redemption process was initiated on April 15, 2002 by a repeated extraordinary general meeting of KaR-Tel shareholders reconvened by a shareholder owning 40.0% of the equity interests in KaR-Tel. In late August 2004, prior to our acquisition, we received letters from the Former Shareholders claiming that they continue to own such interests and stating that, without their approval, all KaR-Tel deals are illegal and invalid. The Former Shareholders stated in these letters that subsequent to such redemption, their respective managements were taken over by The Savings Deposit Insurance Fund, a Turkish state agency responsible for collecting state claims arising from bank insolvencies, referred to in this prospectus as the Fund. The Former Shareholders indicated in their letters that they were preparing to put their case before the International Center for the Solution of Investment Disputes, or ICSID, an independent organization with links to the World Bank. Based on information disclosed by ICSID, an action by the Former Shareholders against the Republic of Kazakhstan, the subject matter of which is "telecommunications enterprise," was filed in August 30, 2005. While we understand that this action does pertain to the Former Shareholders and their former interests in KaR-Tel, neither VimpelCom nor KaR-Tel is a party to this action. According to ICSID, the arbitration tribunal issued an award in favor of the Former Shareholders on July 29, 2008. Based on information in publicly available sources, the tribunal found that, among other things, the Republic of Kazakhstan expropriated the Former Shareholder's investment in KaR-Tel without complying with conditions set forth in the Bilateral Investment Treaty between the Republic of Kazakhstan and the Republic of Turkey. However, the tribunal's award did not address the validity of the decision of the Review Panel of the Supreme Court of Kazakhstan. The tribunal ordered the Republic of Kazakhstan to pay US$125.0 million plus interest to the Former Shareholders. According to ICSID, annulment proceedings were registered on November 7, 2008 and a decision of the appeal committee on the application for annulment was issued on March 25, 2010. Although the ICSID website does not provide any information about the appeal committee's decision, according to a copy of the decision obtained from a website that does not appear to be associated with ICSID, the appeal committee dismissed the Republic of Kazakhstan's appeal in its entirety. We cannot assure you that the Former Shareholders or other parties will not pursue any action against VimpelCom or KaR-Tel in any forum or jurisdiction. If the Former Shareholders or other parties were to prevail in any such action, we could lose ownership of up to 60.0% of our interest in KaR-Tel, be required to reimburse the Former Shareholders for the value of their interests or otherwise suffer monetary and reputational or other damages that cannot currently be quantified.

On January 10, 2005, KaR-Tel received an "order to pay" ("Order to Pay") issued by The Savings Deposit Insurance Fund, a Turkish state agency responsible for collecting state claims arising from bank insolvencies (the "Fund"), in the amount of approximately US$5.2 billion at the exchange rate as of September 30, 2010 (stated as approximately Turkish lira 7.55 quadrillion and issued prior to the introduction of the New Turkish Lira, which became effective as of January 1, 2005). The Order to Pay, dated as of October 7, 2004, was delivered to KaR-Tel by the Bostandykski Regional Court of Almaty. The Order to Pay does not provide any information regarding the nature of, or basis for, the asserted debt, other than to state that it is a debt to the Turkish Treasury and the term for payment was May 6, 2004.

On January 17, 2005, KaR-Tel delivered to the Turkish consulate in Almaty a petition to the Turkish court objecting to the propriety of the order and requesting the Turkish court to cancel the Order to Pay and stay of execution proceedings in Turkey. The petition was assigned to the 4th Administrative Court in Turkey to be reviewed pursuant to applicable law.

On June 1, 2006, KaR-Tel received formal notice of the 4th Administrative Court's ruling that the stay of execution request was denied. KaR-Tel's Turkish counsel has advised KaR-Tel that the stay request is being adjudicated separately from the petition to cancel the Order to Pay. KaR-Tel submitted an appeal of the ruling with respect to the stay application.

KaR-Tel received the Fund's response to the petition in June 2006. In its response to KaR-Tel's petition, the Fund asserts, among other things, that the order to pay was issued in furtherance of its collection of approximately Turkish lira 7.55 quadrillion (prior to the introduction of the New Turkish Lira, which became effective as of January 1, 2005) (equivalent to approximately US$5.2 billion at the exchange rate as of September 30, 2010) in claims against the Uzan group of companies that were affiliated with the Uzan family in connection with the failure of T. Imar Bankasi, T.A.S. The Fund's response to KaR-Tel's petition asserts that the Uzan group of companies includes the Former Shareholders and KaR-Tel. In June 2006, KaR-Tel submitted a response to the Fund's defense in which it denied in material part the factual and legal assertions made by the Fund in support of the order to pay. In December 2008, KaR-Tel received the Fund's further response to KaR-Tel's petition. On December 11, 2008, KaR-Tel received a Decision of Territorial Court of Istanbul dated December 12, 2007, wherein the Court rejected KaR-Tel's appeal with respect to the stay of execution request.

On October 20, 2009, KaR-Tel filed with Sisli 3rd Court of the First Instance in Istanbul a claim to recognize in the Republic of Turkey the decision of the Almaty City Court of the Republic of Kazakhstan dated June 6, 2003 regarding, among other things, compulsory redemption of equity interests in KaR-Tel owned by Rumeli Telecom A.S. and Telsim Mobil Telekomunikasyon Hizmetleri A.S., which was confirmed by the Civil Panel of the Supreme Court of the Republic of Kazakhstan on June 23, 2003, as amended by the resolution of the Review Panel of the Supreme Court of the Republic of Kazakhstan dated October 30, 2003 ("Recognition Claim"). On October 20, 2009, KaR-Tel also filed with the 4th Administrative Court of Istanbul a petition asking the Court to treat the recognition of the Kazakhstan court decision as a precedential issue and to stay the proceedings in relation to the order to pay.

On September 28, 2010, Sisli 3rd Court of the First Instance in Istanbul reviewed the Recognition Claim and ruled in favor of KaR-Tel recognizing the Kazakhstan Court judgements on the territory of the Republic of Turkey. On October 25, 2010, the Turkish court reviewed KaR-Tel's petition to annul the Order to Pay and ruled in favor of KaR-Tel. The court recognized the Order to Pay as illegal and annulled it. The defendants have appealed the ruling.

There can be no assurance that claims targeting our ownership of KaR-Tel will not be brought by the Fund directly against us or our other subsidiaries or that KaR-Tel and/or the Company or its other subsidiaries will not be required to pay amounts claimed to be owed on the basis of other claims made by the Fund. The adverse resolution of any other matters that may arise in connection with any other claims made by the Fund, could have a material adverse effect on our business, financial condition and results of operations, including an event of default under some or all of our outstanding indebtedness.

For more information on these risks, and other risks associated with our acquisition of KaR-Tel, refer to the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—Claims by the former shareholders of Limited Liability Partnership KaR-Tel and/or the Turkish Savings Deposit Insurance Fund or others may result in increased liabilities and obligations, including possible defaults under our outstanding indebtedness, and deprive us of the value of our ownership interest in KaR-Tel."

Disputes with the Russian Tax Authorities

On April 30, 2009, our subsidiary Sovintel, which was merged with and into our company in November 2010, received a final decision of the Russian tax inspectorate's audit of its tax filings for financial years 2006 and 2007. According to the final decision, Sovintel owed an additional RUR324 million in taxes (including RUR36 million in fines and penalties), which is approximately US$10.7 million (including US$1.2 million in fines and penalties) at the exchange rate as of September 30, 2010. Although Sovintel disagreed with the tax inspectorate's decision and has filed a lawsuit in the Russian Arbitration courts, it paid the total amount of the indebtedness. The court satisfied Sovintel's lawsuit partly in the amount of RUR112 million (including

RUR7 million in fines and penalties) which is approximately US$3.7 million (including US$0.2 million in fines and penalties) at the exchange rate as of September 30, 2010. The date of filing of an appeal of this decision has expired.

On April 22, 2010, the tax authorities won the amount of RUR212 million (including RUR29 million in fines and penalties) against our subsidiary, Sovintel, in the Court of Cassation, which is approximately US$7.0 million (including US$1.0 million in fines and penalties) at the exchange rate as of September 30, 2010. The company challenged the court's decision in the Supreme Arbitration Court of the Russian Federation. The Supreme Arbitration Court of the Russian Federation dismissed the appeal. Sovintel merged with and into our company on November 24, 2010.

Based on the audit of the tax records for 2009, the tax authorities issued a tax claim against VC-Invest, one of our subsidiaries, for the amount of US$10.2 million. The company disagrees with the claim, and filed a lawsuit. The court hearing has been scheduled for February 7, 2011.

For the risks related to this matter, see "Risk Factors—Risks Related to Our Business—We could be subject to claims by the Russian tax inspectorate that could have a material adverse effect on our business." For more information regarding the effects of prior tax claims on our financial statements, see Note 23 to our annual financial statements included elsewhere in this prospectus.

Far East Licenses and Frequencies

In July 2007, the Federal Supervisory Service for communications conducted several tenders for licenses and frequencies in the Far East super-region. We received licenses for three regions within the Far East super-region in the tenders, but we were denied licenses for eight other regions within the Far East super-region. We filed a lawsuit challenging the results of the tenders because we believed that the terms of the tenders were not in compliance with applicable law and that we should have received licenses for all 11 regions. In parallel, the Federal Anti-Monopoly Service of Russia, or the FAS, issued a decision declaring that the terms of the tenders violated antimonopoly law and challenged the results of the tenders in court. The Federal Communications Agency filed a lawsuit seeking to invalidate the decision of the FAS. The Federal Communications Agency's claim was sustained by the court of first instance. We joined the proceedings as an interested party, and, together with the FAS, appealed the decision in favor of the Federal Communications Agency. On April 17, 2008, the Court of Appeals overturned the decision of the first instance court and rejected the Federal Communications Agency's claim. On July 22, 2008 the Cassation Court upheld the decision of the Court of Appeals and found the decision of the FAS valid. In our lawsuit challenging the results of the tenders, the court of the first instance on December 9, 2008 issued a decision which invalidated the results of the tenders. This decision was upheld by the appellate court on February 10, 2009 and the Cassation Court on May 19, 2009. On April 13, 2009 we filed a lawsuit seeking to invalidate the decision of the Federal Communication Agency regarding the issuance of the licenses and frequencies based on the results of the tenders and to cancel the issued licenses. On August 14, 2009 the court of the first instance sustained our claims. The decision was upheld by the appeals and cassational courts. As a result, licenses and frequencies issued pursuant to the challenged tenders have been cancelled on the basis of these court rulings.

Petition for Appraisal

On April 18, 2008, Global Undervalued Securities Fund, L.P. ("Global Undervalued") timely filed a petition in a Delaware court demanding appraisal of its 1,367,328 shares of Golden Telecom which it did not tender in the tender offer pursuant to which our company acquired Golden Telecom. On April 23, 2010, the court determined the fair value of Golden Telecom shares to be US$125.49 per share. Interest will be applied for a period from February 28, 2008 to the date of payment. Golden Telecom filed a motion for reargument which was denied by the court and a final judgment was entered on May 27, 2010. Golden Telecom filed a timely notice of appeal and Petitioners filed a cross-appeal of the judgment in Delaware Supreme Court. We accrued a loss contingency in the amount of US$52.7 million in relation to cash rights for shares of Golden Telecom.

In June 2010, Golden Telecom and Global Undervalued entered into an agreement pursuant to which in July 2010, Golden Telecom paid to Global Undervalued US$165.5 million based on the US$105.00 per share tender offer price and interest, partially repaying the liability recorded as of June 30, 2010. Pursuant to the agreement, in July 2010 Golden Telecom deposited US$33.2 million into an escrow account. This escrowed amount was based on the difference between the US$105.00 per share tender offer price and the court-determined US$125.49 fair value of each Golden Telecom plus interest thereon through December 31, 2010. On December 29, 2010, the Delaware Supreme Court rendered a final resolution of the appraisal litigation by affirming the April 23, 2010 decision

valuing Golden Telecom shares at US$125.49 per share. Pursuant to the agreement between Golden Telecom and Global Undervalued, on January 13, 2011, the US$33.2 million in the escrow account was released to Global Undervalued to satisfy the remaining portion of appraisal judgment. On January 18, 2011, Golden Telecom paid Global Undervalued US$68,036.50, the amount of interest accrued from January 1, 2011 through January 13, 2011. As of January 18, 2011, the judgment in the appraisal litigation has been fully satisfied, resulting in a final conclusion to Global Undervalued's petition for appraisal.

FAS Litigation

In December 2009, the Russian anti-monopoly regulators commenced proceedings against us alleging violations of the Russian Federal Law "On Protection of Competition" by imposing unfair prices for interconnection with other operators. We believe that we comply with applicable law, but if we are found to have committed violations we could face fines of up to 15.0% of the revenues derived from the relevant services. At this stage we are unable to make a determination about the likely outcome of this case.

In March 2010, the Russian anti-monopoly regulators commenced proceedings against us and other Russian mobile operators alleging violations of the Russian Federal Law "On Protection of Competition" and related regulations by charging artificially high prices for roaming services. On October 22, 2010, the Russian anti-monopoly regulators released their findings related to the decision to recognize our actions as being in violation of Items 1, 3 of Part 1 of Article 10 of the Federal Law "On the Protection of Competition"; no violations have been found under Parts 1 and 2 of Article 11 of the Federal Law "On the Protection of Competition". We do not believe that we are in violation of the anti-monopoly legislation, but if our roaming tariffs are found to violate applicable legislation, we could face certain fines of up to 15.0% of CIS roaming revenue from the services provided in violation of the legislation. At this stage, we evaluate this risk as probable, and we accrued a loss contingency in the amount of RUR 68.5 million (equivalent to approximately US$2.3 million at the exchange rate as of September 30, 2010) in relation to this claim. Regulatory measures taken in response to competition violations may include *inter alia* the requirement to discontinue certain activities, the imposition of fines, confiscation of monopolistic revenue, restrictions on increase of tariffs or restrictions on acquisitions or on other activities, such as contractual obligations.

At the complaint from OJSC MGTS, the Russian anti-monopoly regulators initiated legal proceedings against the Company based on an alleged violation of anti-monopoly legislation involving tying counterparties with traffic agreements containing disadvantageous prices in Moscow. On May 19, 2010, the Russian anti-monopoly regulators found our activities to be in violation of anti-monopoly legislation. We do not believe that we are in violation of the anti-monopoly legislation and have appealed the decision. A hearing was set for January 19, 2011, but was postponed and as of the date of this prospectus no date has been set. At this stage, we do not believe that an unfavorable outcome is probable, and no amounts have been accrued in relation to this claim. However, fines for violation of the anti-monopoly legislation can reach 15.0% of the revenue from the services provided in violation of the legislation. If the fines do not exceed 1.0% of our revenues from the related services, we will lose our right to appeal the decision.

Sky Mobile Litigation

Since November 2006, the Chief Executive Officer and directors of the Company have received several letters from OJSC Mobile TeleSystems ("MTS") and its representatives claiming that Sky Mobile's Kyrgyz telecom business and its assets were misappropriated from Bitel, an MTS affiliate, and demanding that we not purchase Sky Mobile, directly or indirectly, or participate or assist in the sale of Sky Mobile to any other entities. These letters have suggested that MTS will take any and all legal action necessary against our company in order to protect MTS's interest in Bitel and Bitel's assets. As of the date hereof, management is not aware of any pending legal action against our company in connection with this matter, except for the litigation against Sky Mobile discussed in the paragraph below.

Sky Mobile is a defendant in litigation in the Isle of Man. The litigation was brought by affiliates of MTS against Sky Mobile and affiliates of Altimo and alleges that the Kyrgyz judgment determining that an Altimo affiliate was the rightful owner of interest in the equity of Bitel prior to the asset sale between Sky Mobile and Bitel was fraudulent and that Bitel shares and Sky Mobile assets were misappropriated. The legal proceedings in this matter are pending. At this time the Company is unable to assess the likelihood of the ultimate outcome of this litigation and its effect on our operating results and financial position.

For the risks related to matters involving Sky Mobile, see "Risk Factors—Risks Related to Our Business—We may be subject to claims in connection with Sky Mobile."

Kazakhstan Antimonopoly Proceedings

On May 14, 2010, the KAA initiated an investigation into the alleged breach of antimonopoly laws of Kazakhstan by all three Kazakhstan GSM operators (KaR-Tel LLP (Beeline), GSM Kazakhstan OAO Kazakhtelecom LLP (TM KCell, Active), and Mobile Telecom Systems LLP (TM Neo)), claiming these operators had abused their dominant position by the way they determine the threshold (minimum) balances on consumers' accounts required for switching on and off roaming services (the "Threshold Amounts"). In addition, the KAA decided to investigate (jointly with FAS) possible breaches of Kazakhstan antimonopoly law by all three Kazakhstan GSM operators, including KaR-Tel, as well as their partner operators in the Russian Federation, for anticompetitive concerted actions, agreements for price maintenance and the use of per-minute billing. The KAA also proposed to the Ministry of Telecommunications and Information of Kazakhstan an earlier date for transfer to per-second billing for roaming services (the date determined by law is January 1, 2012), and to conduct an evaluation of roaming tariffs.

On June 21, 2010, the KAA completed its investigation related to the Threshold Amounts and alleged that all three Kazakhstan GSM operators abused their dominant position by establishing the Threshold Amounts and by switching off a consumer's roaming services when there is a negative balance on the consumer's account.

On July 3, 2010, the KAA initiated an administrative procedure with respect to all three Kazakhstan GSM operators, including KaR-Tel, and issued a protocol on administrative offence (the "Protocol"). The KAA filed a claim based on the Protocol with the Administrative Court. The KAA also decided to continue another part of the investigation with respect to concerted actions of Kazakhstan and Russian GSM mobile operators on establishing and/or preservation of tariffs (the "Concerted Actions Investigation"). On July 16, 2010, KaR-Tel filed a claim to recognize as illegal and annul the acts of the KAA that served as a procedural basis for the Protocol. On October 19, 2010, the Interregional Economic Court of Astana ruled in favor of KaR-Tel and recognized as illegal, null and void all acts of the KAA and its territorial branch, which served as the procedural basis for the Protocol. The KAA appealed this decision and on December 23, 2010 the Court of Appeals affirmed the October 19, 2010 decision in favor of KaR-Tel.

On October 25, 2010, the KAA completed the Concerted Actions Investigation and reclassified alleged concerted actions of KaR-Tel and other Russian and Kazakhstan GSM operators into establishing of monopolistically high tariffs. On November 3, 2010, the KAA initiated an administrative procedure and issued a new protocol on administrative offence, according to which the KAA has found KaR-Tel and the other two Kazakhstan GSM operators liable for abuse of their dominant position on the market by way of establishing monopolistically high roaming tariffs ("the New Protocol"). As required under Kazakhstan law, the KAA has submitted the New Protocol to a Kazakh administrative court, and the court will decide on the merits and on applicable fines. While the company does not agree with the New Protocol and has challenged it, the ultimate resolution of this matter could result in a loss of up to KZT 9.9 billion (equivalent to approximately US$67.1 million at the exchange rate as of November 3, 2010) in excess of the amount accrued. On November 23, 2010, KaR-Tel filed a claim with the Astana Interregional Economic Court against the Agency requesting that the court recognize as illegal and to annul the acts of the Agency preceding the New Protocol.

Other Proceedings

On March 22, 2010, the Magadan Regional Department of Roskomnadzor (Federal Supervision Agency for Information Technologies and Communications) issued the protocol on administrative violation. The alleged violation consists of the provision of 2G communications services by VimpelCom in the Magadan Region after the withdrawal of the license. On May 12, 2010, a judgment was passed on the imposition of sanctions against VimpelCom in the form of a fine of 40,000 rubles (equivalent to approximately US$0.001 million as of May 12, 2010). VimpelCom filed an appeal. On August 18, 2010, the decision of the court of first instance was upheld without any changes.

Two lawsuits have been filed by the State Property Committee (Federal Agency for Management of the State Property) against Sovintel seeking eviction from the premises (approximately 4,000 square meters) at Krasnokazarmennya Street, where its Data Center and equipment are currently located. In substantiation of the claims, the plaintiff asserts that the lease agreement between Sovintel and FGUP VEI and the sublease agreements

with other lessees are void, because they were entered into without consent from the owner (the State Property Committee) to lease and sublease such premises. The hearing in the first case was scheduled for January 24, 2011, but was rescheduled for March 14, 2011. At the hearing in the second case, which took place on January 25, 2011, the court dismissed the plaintiff's claim. The State Property Committee has the right to appeal this decision. Management evaluates the risk of an adverse outcome of these lawsuits as probable. In case of adverse decisions of the court, eviction of Sovintel from the premises may cause interruption of the work of the equipment (fixed-line network) that could have a negative impact on the future results of operations of the Company commencing the period when such interruption occurs.

On December 10, 2010, Sky Mobile received an order, or the KTA Order, from the Kyrgyzstan Telecommunications Agency, or the KTA, requiring Sky Mobile to stop rendering mobile telecom services in 3G standard, as well as to stop advertising related to such services. The KTA alleged that Sky Mobile was not authorized to provide such 3G services because it did not have individual base stations frequency permits. On December 17, 2010, Sky Mobile filed a claim against the KTA to recognize as illegal and annul the KTA Order and requested an injunction to suspend application of the KTA Order. On December 20, 2010, the Interregional Court of Bishkek accepted Sky Mobile's claim for review and issued an injunction suspending application of the KTA Order. On January 19, 2011, the Interregional Court of Bishkek dismissed Sky Mobile's claim. Sky Mobile intends to appeal the decision. The injunction suspending application of the KTA Order will remain in force until a review of the appeal is completed.

For more detail regarding the lawsuits to which our company is a party and the matters discussed in this "—Legal Proceedings" section, please refer to the section of this prospectus entitled "Risk Factors—Risks Related to Our Business."

Management cannot make an estimate of the effects of the ultimate resolution of the unresolved matters described above on our consolidated financial statements. Other than the information disclosed above, we have no provision in our accounts as of and for the nine months ended September 30, 2010.

REGULATION OF TELECOMMUNICATIONS

General Regulatory Environment

We are generally subject to regulation governing the operation of our business activities. Such regulation typically takes the form of industry specific laws and regulations covering telecommunications services and general competition law applicable to all activities. The following section describes the regulatory framework and the key regulatory developments in Russia, Kazakhstan, Armenia, Uzbekistan and Ukraine. We are also subject to significant regulation in the other countries of the CIS in which we operate. However, because 97.7% of our subscribers are located in Russia, Kazakhstan, Armenia, Uzbekistan and Ukraine and 99.1% of our net operating revenues are derived from our operations in Russia, Kazakhstan, Armenia, Uzbekistan and Ukraine, we do not believe that a discussion of the regulations of Tajikistan and Georgia is warranted or that such regulations are material to our business and results of operations.

Regulation of Telecommunications in Russia

The Federal law "On Communications" (the "Communications Law") came into effect on January 1, 2004 and is the principal legal act regulating the Russian telecommunications industry. The Communications Law sets forth general principles for the regulation of the telecommunications industry, including a description of the institutional framework for the federal government's involvement in the regulation, administration and operation of the telecommunications industry. The most important aspects of the Communications Law with respect to our business address the federal government's authority to:

- license communications service providers;
- allocate radio frequencies;
- certify telecommunications equipment;
- allocate numbering capacity;
- ensure fair competition and freedom of pricing; and
- conduct oversight of operators' compliance with the terms of their licenses and Russian law.

On March 3, 2006, certain amendments to the Communications Law were introduced, in particular legislation implementing calling party pays, or CPP, which became effective on July 1, 2006. The CPP legislation prohibits mobile operators from charging their subscribers for incoming calls.

In order to establish and commercially launch a wireless telecommunications network, a company must receive, among other things:

- a license to provide mobile telephony services using a specific standard and band of radio frequency spectrum;
- permission to use radio frequency for its radio electronic devices, or REDs;
- a decision on allocation of radio frequency bands;
- registration of its REDs and high frequency equipment;
- authorization to put into operation communications networks (including communications facilities); and
- a decision on allocation of numbering resources.

For the risks related to the regulation governing the operation of communications networks, see the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—We face uncertainty regarding our frequency allocations, equipment permits and network registration, and we may experience limited spectrum capacity for providing wireless services."

On September 26, 2007, the Ministry of Information Technologies and Communications of the Russian Federation issued an order that designated ten additional pairs of access codes to long distance operators in Russia. This additional designation creates the potential for increased competition in the market for domestic and international long distance services in Russia if the new access codes are assigned to new operators.

On December 29, 2008, the Ministry of Communications and Mass Media (the "Ministry") issued an order which extended the quantity of the new access codes. According to this order the Ministry has the opportunity to assign access codes to other operators after they put in commission their international and long distance communications networks. On March 19, 2010, the Ministry issued an order according to which the access code of VimpelCom is 11.

On November 27, 2009, the Custom Union Commission issued decision No. 132 stating that from January 1, 2010 the authorized state bodies of executive power of the Custom Union member-states (Russia, Belorussia, Kazakhstan) must issue licenses and permissions for export and import of goods included in the Joint List of goods which are prohibited or limited for importation or exportation by the Custom Union member-states. This Joint List includes radio electronic devices and high-frequency devices of the civil assignment (RED), i.e. base stations of mobile communications networks, radio relay stations, etc.

On December 27, 2009, the Federal Law "On Personal Data" was amended. The requirement to use cryptographic facilities while processing personal data was cancelled, and the period for bringing personal data informational systems into compliance with the Personal Data Protection Law was extended to 2011.

On February 14, 2010, the Federal Law "On Amendments to Some Legislative Acts of the Russian Federation in the Telecommunication Area" cancelled the requirement to register communications networks on the basis of a system plan.

On August 10, 2010 amendments to the Federal Law "On Enforcement Proceedings" and the Federal Law "On Court Bailiffs" entered into force. Bailiffs have received the right to request personal data if it is necessary for the purposes of enforcement proceedings.

On June 29, 2010, the Federal Law "On Amendments to Article 2 of the Communications Law" determined which communications facilities could be classified as especially dangerous and technically complicated.

On July 27, 2010, the Federal Law "On Amendments to Article 2 of the Communications Law", which became effective on October 29, 2010, extended the obligations of communication operators who provide television and radio broadcasting services by requiring that such operators broadcast obligatory tele- and radio channels without charging subscribers and broadcasters. This is an additional requirement for obtaining a license for these types of services.

The draft Federal Law No. 374483-5 "On Amendments to Article 24 of the Telecommunication Law" (concerning regulation of frequency bands allocation and frequency or frequency channels assignment) passed the first reading on October 10, 2010.

The draft Federal Law No. 405325-5 "On Amendments to Article 45 of the Telecommunication Law and to the Federal Law of Banks and Banking Operations" (concerning regulation of mobile payments) passed the first reading on October 6, 2010.

Russian Regulatory Authorities

The regulation in the telecommunications area in Russia is conducted by several governmental agencies. These agencies, whose functions are not often clearly defined, form a complex, multi-tier system of regulation and supervision that is subject to frequent revision.

The Ministry is currently the federal body with executive power to regulate the telecommunications industry. The Ministry has the authority to set policy and adopt regulations in the area of communications and make proposals to the President and the Russian Government on issuance of legal acts regarding certain key issues in the area of communications. The Ministry controls and coordinates the activity of the following entities: 1) the Federal Communications Agency, or Rossvyaz, 2) the Federal Agency on Press and Mass Media, or Rospechat and 3) the Federal Supervisory Service for Communications, Information Technologies and Mass Media, or Roskomnadzor.

The primary function of Roskomnadzor is the licensing of activities in the area of telecommunications, issuing permissions for radio frequency use, control over telecommunications and information technologies, control over radiation of REDs and high frequency devices and the registration of REDs and high frequency devices.

The primary function of Rossvyaz relevant to our business is allocation of the numbering resources and certification in accordance with the established procedure.

Licensing to Provide Telecommunications Services and Radio Frequency Allocation

Under the Communications Law, the Regulation of the Russian Government dated March 16, 2009 "On the Federal Supervisory Service for Communications, Information Technologies and Mass Media" and the Regulation of the Russian Government dated January 12, 2006 "On Approval of the Regulations for Holding a Tender (Auction, Contest) for a License to Provide Communication Services", Roskomnadzor issues licenses to provide telecommunications services on the basis of an application from an eligible applicant or, when applicable, on the basis of results of a tender or an auction. Licenses are generally issued for a term of three to twenty five years and a legal entity or individual person can only render commercial telecommunications services upon issuance of a license.

Roskomnadzor has the right to renew an existing license upon application which may be rejected if, as of the date of submission of the application, the operator has been found to have violated the terms of the license and such violations have not been cured. The Communications Law also regulates the procedures for re-issuing a license in the case of a reorganization of the license holder or transfer of communications networks and means to other persons.

The Communications Law identifies a limited number of reasons pursuant to which licenses may be suspended by the licensing body, including identification of license violations, cancellation of permissions to use radio frequencies or failure to comply with the requirements of the notice issued by the licensing body within the cure period. Prior to suspension, the licensing body generally issues a warning that the license may be suspended if corrective action is not taken. The Communications Law also provides that a telecommunications license may be cancelled for certain reasons, upon a claim by an interested person or the licensing body, such as provision of inaccurate information when applying for the license, failure to eliminate the circumstances which caused the suspension of the license validity or failure to perform obligations undertaken when receiving the license. The licensing body can also terminate a license in a liquidation or winding up of the license holder.

Licenses issued prior to the enactment of the Communications Law and Regulation No. 87 of the Russian Government dated February 18, 2005 "On approval of the list of the types of communications services and the list of conditions included into licenses" (the "Regulation 87"), generally contain a number of other detailed conditions, including a start-of-service date, requirements for adhering to technical standards and a schedule of the capacity of the network that the licensee must attain. These license conditions also require that the licensee's services, by specified dates, cover either (i) a specified percentage of the territory for which the license is issued or (ii) a specified number of cities within the territory for which the license is issued. Conditions in licenses issued after the enactment of Regulation 87 must include the period during which the licensee is entitled to provide the relevant services, the start-of-service date, and the territory in which the relevant services are to be provided, as well as certain other conditions depending on the type of the licensed activity, including information on the calculation of compulsory payments into the universal services fund, as described below.

In addition to obtaining a license, wireless telecommunications operators have to receive a permit for radio frequency usage for every radio transmitter they operate. The permit for radio frequency usage is issued by the Ministry on the basis of decisions of the State Radio Frequency Commission, which evaluates the electromagnetic compatibility of the REDs and coordinates the possibility of radio transmitters usage with the Defense Ministry, Federal Protective Service and the Federal Security Service of the Russian Federation. Under the Communications Law, permits for the use of radio frequencies are granted for ten years or a shorter period if such shorter period is indicated in the application. Radio frequency permit duration may be extended if by its ending no normative acts are adopted, which allow to use radio frequencies upon previous terms. Radio frequency allocation permission may be suspended or terminated for a number of reasons, including a failure to comply with the conditions which the allocation of frequency was subject to.

The Communications Law provides that the amount of annual payments for the use of the radio frequencies spectrum is to be set up by the Russian Government; however, it has not yet done it. Prior to enactment of further regulations, we continue to pay for the use of the radio frequencies spectrum on the basis of Government Regulation dated June 2, 1998 "On Introduction of Payments for the Use of Radio Frequency Spectrum", and the Government Regulation No. 895 dated August 6, 1998 "On Approval of Regulations on Payment for the Use of the Radio Frequency Spectrum in the Russian Federation", requiring all operators to pay an annual fee (set by the State Radio Frequency Commission and approved by the former Anti-Monopoly Ministry) for the use of their frequency spectrums. In addition, the Communications Law provides that the users of the radio frequency spectrum shall make

a one-time payment and annual payments for the use of the spectrum to ensure control over radio frequencies, conversion of the radio frequencies spectrum and financing for the transfer of the operating REDs to other radio frequency bands. See also "Risk Factors—Risks Related to Our Business—We face uncertainty regarding payments for frequency allocations under the terms of some of our licenses. The licenses to provide telecommunications services may be revoked in case of violation of the procedure of the abovementioned payments.

Universal Services Fund

The Communications Law provides for the establishment of a "universal service fund". All telecommunications operators are required to make compulsory payments to a "universal services fund," which was formed in order to compensate operators for losses from offering universal services in distant regions of Russia. Operators must make quarterly payments to the universal services fund of 1.2% of its quarterly revenues from communications services provided to subscribers and other users in the public communications network. Amounts paid as value added tax are excluded from the calculation of revenues.

Equipment Certification

Pursuant to the Communications Law telecommunications equipment used in Russia requires confirmation of compliance with certain technical requirements in the area of telecommunications and information technologies and must be certified. The Regulation of the Russian Government dated June 25, 2009 "On Approval of the List of the Communication Equipment Subject to Mandatory Certification" sets forth the types of communications equipment that is subject to mandatory certification. The Federal Communications Agency is responsible for confirming such compliance. The design, production, sale, use or import of encryption devices, which include some commonly-used digital wireless telephones, requires a license and equipment certification from the Federal Security Service.

The Decision of the Russian Government No. 539 dated October 12, 2004 "On the Procedure for the Registration of Radio-Electronic Equipment and High-Frequency Devices" (as amended) approved a list of certain high-frequency equipment manufactured or used in the Russian Federation that requires special permission from Roskomnadzor. These permissions are specific to the entity that receives them and do not allow the use of the equipment by other parties.

Numbering Capacity

The Regulation of the Russian Government dated July 13, 2004 "On Endorsing the Rules for Distribution and Use of Numeration Recourses of the Unified Electric Communication System of the Russian Federation" (as amended) specifies the procedures for allocating numbering capacity and the use of numbering recourses under the Communication Law. The Federal Communications Agency is responsible for allocating numbering resources and for determining whether such resources are limited, and, in cases stipulated by the Communications Law, the Federal Communications Agency may change the allocated numbering capacity or withdraw it in full or in part. Further, the Federal Communications Agency is responsible for re-issuance of decisions on allocation of numbering capacity if an operator is reorganized. Under the Communications Law, an operator is required to pay state duties for the allocation of numbering capacity and access codes for telecommunication services for signal point codes. The amount of these duties is established by Russian tax legislation.

A number of new regulations pertaining to certain aspects of the Russian federal numbering system were adopted. The two major areas affected by the regulations are as follows:

(1) *Numbering capacity usage in the "ABC" codes.* Federal telephone numbers using the "ABC" code may be used by mobile subscribers only if they are registered as additional numbers under local communications services provisions. As these additional numbers can only be allocated to subscribers by the local network operators, all numbering capacity in the "ABC" code allocated under our GSM licenses were re-allocated under our license for local communications services. We entered into agreements for the provision of local and wireless communication services with new subscribers whom we provide the numbers in the "ABC" code. Part of our subscribers use the numbers of other fixed-line operators based on our agency agreements with such operators. For implementation of the agency scheme, we have had to enter into new subscriber agreements with certain subscribers in order to add the fixed-line operator as a party to such agreements.

(2) *Russian system and plan of numbering*. A new system and plan of numbering was approved which materially changed the principles of numbering allocation and utilization in Russia. According to the new plan, only the following numbers in the "DEF" code are available for our company: 903, 905, 906, 909, 960-969, and 972-979.

For the risks related to the new numbering system, see the section of this prospectus entitled "Risk Factors—Risks Related to the Legal and Regulatory Environment in Russia and the CIS—We operate in an uncertain regulatory environment, which could cause compliance to become more complicated, burdensome and expensive and could result in our operating without all of the required permissions."

Pricing, Competition and Interconnections

The Communications Law generally provides that tariffs for telecommunications services may be negotiated between providers and users, although tariffs for some types of telecommunications services (e.g., provision of long distance telephone connections to fixed-line users or provision of local telephone connections to fixed-line users) may be regulated by the federal government. Wireless telecommunications operators are free to set their own tariffs. However, the amendments to the Communications Law, which came into effect on July 1, 2006, provide that the users are not to pay for incoming calls.

Further, the Communications Law prohibits the use of a dominant position to hinder, limit or distort competition and it requires federal regulatory agencies to promote competition among telecommunications service providers. Under the Communications Law, an operator that, together with its affiliated entities, has at least 25.0% of the overall traffic in a certain geographic area or throughout the Russian Federation is considered an operator occupying a significant position in the communication network of general use, or Significant Operator. Significant Operators are subject to greater regulation by the Russian Government. At present, neither we nor our Russian subsidiaries are included in the register of subjects of natural monopolies. Therefore, neither we nor our Russian subsidiaries are subject to these regulations.

Amendments to the Communications Law have been proposed, which would result in the regulation of tariffs set by mobile operators for interconnection and transfer of traffic. According to the proposed amendments, an operator will be subject to such regulation if it, together with its affiliated persons, owns at least 25.0% of the installed capacity of the operational networks that are part of the public communications network and relate to the same type of communications services technology, such as communications networks using DEF codes, within a subject territory of the Russian Federation or throughout the Russian Federation.

Russian legislation also prohibits operators of public switched telephone networks to refuse to provide connections or discriminate between operators. However, a regional fixed line operator may charge different interconnection rates to different wireless telecommunications operators, subject to certain limitations.

Compliance with Government Surveillance System

The Communications Law provides that telecommunications may be intercepted only pursuant to a court order. Federal Law No. 144-FZ, dated August 12, 1995, "On Operational Investigative Activities," initiated a surveillance system, known as SORM, which is operated partly by the Federal Security Service, a government agency responsible for surveillance. SORM requires telecommunications providers to ensure that their networks are capable of allowing the government to monitor electronic traffic and requires telecommunications providers to finance the cost of additional equipment needed to make their systems compliant. Recent legislation extended access to electronic traffic to three other state agencies, including the tax authorities. Currently, we are in compliance with Russian law requirements related to SORM and, accordingly, certain government agencies are able to monitor electronic traffic on our network.

Interaction between telecommunications operators and the governmental authorities engaged in surveillance activities is governed by Regulation No. 538 of the Russian Government dated August 27, 2005, "On Approval of the Rules of Interaction Between Telecommunications Operators and the Authorized Governmental Bodies Engaged in Surveillance Activities."

Regulation of Internet Services

Regulation 87 requires that an operator providing Internet services have a license for provision of telematic services and a license for transfer of data. The procedure of transfer of Internet traffic is not determined by

normative acts. Although currently there is no comprehensive regulatory scheme directly applicable to Internet content, the Russian media has reported that the Russian State Duma has recently begun to consider the possibility of adopting legislation regarding Internet content.

Regulation of Telecommunications in Kazakhstan

The Law of the Republic of Kazakhstan No. 567-II "On Communications," dated July 5, 2004, in Kazakhstan, or the Kazakhstan Communications Law, which came into effect on July 10, 2004, is the principal act regulating the telecommunications industry in Kazakhstan and sets forth general principles for the regulation of the telecommunications industry, the authority of each regulatory agency, the rules governing telecommunications networks' cooperation and consumer rights protections. Several additions to the Kazakhstan Communications Law that acted to stimulate competition in the sphere of domestic long distance, or DLD, and international long distance, or ILD, became effective as of January 1, 2006. In accordance with the Kazakhstan Communications Law, the government of Kazakhstan and certain other governmental agencies adopted a number of acts regulating specific aspects of the telecommunication industry, the most important of which are outlined in greater detail below. The Kazakhstan Communications Law was recently amended and uncertainty remains regarding any further developments in the Kazakhstan Communications Law.

The Kazakhstan Communications Law grants the Kazakh government broad authority with respect to the telecommunications industry in Kazakhstan. The most important aspects with respect to our business include the government's authority to:

- develop and implement government policy on frequency allocations,
- approve allocation of radio frequencies,
- approve qualification requirements for DLD and ILD operators,
- approve procedures for auctions of telecommunications licenses and approve the licensing terms, conditions and qualification requirements when granting telecommunications licenses, and
- set forth the procedures and payment amounts for the ability to provide services with the use of frequencies.

The participation of foreign capital in Kazakhstan's telecommunications market is limited by the Law of the Republic of Kazakhstan No. 233-I "On National Security" dated June 26, 1998 regulating national security. It is forbidden for foreign legal entities or individuals to control and operate fixed line networks, to create and operate telecommunications networks whose headquarters are located outside Kazakhstan and to obtain more than 10.0% of voting shares in a DLD or ILD operator without governmental consent. In addition, foreign legal entities or individuals are not allowed to possess, use, dispose of or control (directly or indirectly) more than 49.0% of the total voting shares of a DLD or ILD operator who possesses surface communication lines (cables, including fiber optic and radio-relay cables).

Kazakhstan Regulatory Authorities

Under the Kazakhstan Communications Law, the Ministry for Information and Communications, or the MCI (which is not currently included in Kazakhstan's government structure), is the central executive body authorized to implement state policy and governmental control with respect to telecommunications and to adopt relevant acts. The MCI acts in accordance with Governmental Decree No. 724427 "The Issues of the Ministry for Communications and Information", dated May 18, 2010. The MCI has adopted the following relevant rules: "On Providing Telecommunications Services," "On Providing Cellular Telecommunications Services" and "On Connecting Telecommunications Networks to the Public Telecommunications Network."

The primary functions of the MCI relevant to our business include:

- issuing permits for the use of radio frequencies in Kazakhstan,
- controlling the use of frequencies,
- issuing licenses to provide telecommunications services and overseeing compliance of issued licenses,

- determining the list of radio-electronic and high-frequency telecommunications equipment permitted to be used and/or imported into Kazakhstan,
- issuing (through its local subdivisions) permits for use of telecommunications equipment,
- disconnecting any unauthorized equipment; and
- issuing data transfer licenses for provision of Internet services.

The Inter-Agency Commission on Radio Frequencies, or the ICR, is a consultative-advisory agency of the Kazakh government that provides recommendations on government policy regarding frequencies. The National Security Committee and certain other governmental defense bodies also maintain a level of control over the telecommunications industry as part of its investigative operations.

Licensing to Provide Telecommunications Services and Radio Frequency Allocation

Telecommunications services may only be rendered in Kazakhstan by a valid license holder authorized to provide the relevant services. In accordance with the Kazakhstan Communications Law, the AIC issues licenses to provide telecommunications services on the basis of an application form or, as required, the results of a competitive tender.

The MCI may refuse to grant a telecommunications license in the event that (i) frequencies are not available or there is a lack of numbering capacity, (ii) the requested type of activity is subject to an auction, (iii) there is a risk to national security, or (iv) there are adverse health risks. The AIC may suspend a license if there is found to be (i) use of radio frequencies without a permit, (ii) violations of the licensing terms that can result in material damage, (iii) improper use of frequencies and (iv) failure to provide services under the license for a period of one year. A telecommunications license may be revoked only by a court ruling in specific cases provided by law.

On January 11, 2007 all licenses, including licenses for telecommunication services, became termless (perpetual) in accordance with the Law of the Republic of Kazakhstan No. 214-III "On Licensing".

The AIC, together with and subject to the approval of the Ministry of Defense, is responsible for allocating frequencies in Kazakhstan. Frequencies are allocated in accordance with a table establishing frequency allocations in the ranges of 3 kHz to 400 GHz for all types of radio-electronic equipment. The Kazakhstan Communications Law also provides for a schedule of frequency band development and use to be approved by the AIC in accordance with ICR's recommendations. Frequency allocations may be changed to accommodate the government's administration, defense or national security. In such cases, the Kazakhstan Communications Law provides for reimbursement of damages to be paid to the operator.

The Kazakhstan Communications Law requires that telecommunications equipment and radio-electronic and high-frequency equipment must be certified. Telecommunications equipment falls into two groups with regards to certification: (i) equipment that requires certification in Kazakhstan and (ii) equipment that may be used subject to a declaration of compliance issued by the manufacturer.

Pricing, Competition and Interconnections

There are three central state bodies in Kazakhstan that control anti-monopoly legislation compliance in the telecommunications industry: (i) the AIC and (ii) the Agency for Competition Protection and (iii) the Agency for Regulation of Natural Monopolies.

The AIC's powers in the anti-monopoly area include the following: (a) regulating and controlling natural monopolies in the telecommunication industry, (b) regulating tariffs of the dominant market players and (c) procuring that there is no discrimination with respect to access to telecommunications services. Currently operators must obtain the AIC's approval for any increase of tariffs. The list of natural monopolies is determined in a governmental registry and approved, maintained and controlled by the Agency on the Regulation of Natural Monopolies.

The Agency for Competition Protection oversees the maintenance of anti-monopoly legislation and regulates the market players holding dominant positions in the relevant market in Kazakhstan. As a general rule, to be recognized as a dominant player, an operator must control individually 35.0% or more of the relevant market. The list of dominant players is determined in a governmental registry and approved, maintained and

controlled by the Agency for Competition Protection. Currently, the list contains two wireless telecommunications operators, KaR-Tel and GSM Kazakhstan LLP, which operates under the brand name "K-Cell."

The Agency for Competition Protection may introduce additional regulations for dominant market players in accordance with the legislative requirements set forth in the Law No 112-IV "On Competition", dated December 15, 2008.

Telecommunications tariffs of dominant market players are subject to governmental regulation, pursuant to Governmental Decree No. 1277, dated December 23, 2006. The Kazakhstan Communications Law states that tariffs must contain equal conditions for all telecommunications subscribers and must be based on reasonable and fair expenses.

Beginning on January 1, 2006, telecommunications providers are no longer required to use the state-controlled fixed-line operator, Joint Stock Company "Kazakhtelecom," to interconnect between networks and are now permitted to interconnect directly with other operators in accordance with interconnect agreements. The structure of interconnect agreements is set by the AIC, and dominant operators are required to enter into an interconnect agreements with any operator requesting interconnection.

Provision of fixed-line services is a licensed activity in Kazakhstan. There are three types of licenses in for fixed-line services in Kazakhstan: (i) a local telecommunications services license permitting the provision of services within a certain city or locality; (ii) an inter-city telecommunications services license; and (iii) an international telecommunications services license. Under Kazakhstan Communications Law, only holders of international and inter-city telecommunications license are permitted to transit traffic and only holders of international telecommunications services license are entitled to enter into direct interconnect agreements with foreign operators. Interconnection between telecommunications operators in Kazakhstan is regulated by the government. A mandatory form of interconnect agreement for a dominant operator is issued by AIC in accordance with Kazakhstan Communications Law and respective Rules. In spring 2010, the Kazakhstan government amended the international telecommunications license qualification requirements with a new requirement providing that licensees maintain title ownership over telecommunication lines, which are included in the telecommunication networks of the licensee. This change in the regulatory environment is likely to have a material effect on the international services market in Kazakhstan.

On December 25, 2008 a new law No. 112-IV "On Competition" was adopted. The law defines the regulatory basis for the protection of rights of market players and consumers from monopoly activity, anti-competition actions of state bodies and unfair competition. This law is intended to protect competition and its development. The law dated July 9, 1998 No 272-I "On natural monopolies and regulated markets" regulates activity in the spheres of natural monopolies, regulated markets, consumer rights, subjects of natural monopolies and subjects of regulated markets. This law regulates tariffs for the services by market players. In March 2010, the rules of tariff regulation were adjusted by introducing government regulation of prices.

In 2009, the Kazakhstan Communications Law was amended to require all mobile operators to keep a register of IMEI-codes (codes of individual customer mobile terminal), and to lock individual handsets with certain IMEI-code upon request from customers and public security authorities.

In March 2010, the operators of international and intercity communications received new requirements to build communication networks on the basis of their own communication lines.

Regulation of Telecommunications in Armenia

General Regulatory Overview

The Republic of Armenia is currently transitioning its telecommunications sector from a monopoly dominated by its national operator, Joint Stock Company "ArmenTel", or ArmenTel, to a competitive developed market. Regulation of the Armenian telecommunications industry currently consists of the Law on Electronic Communications, dated July 8, 2005 (effective September 3, 2005), and other laws and decisions of the Commission on Regulation of Public Services of the Republic of Armenia, or the Regulator, which is the national regulatory agency. The other relevant government body with respect to the telecommunications sector is the government of the Republic of Armenia, or the "Authorized Body" (as described in more detail below).

The primary functions of the Law on Electronic Communications, which was drafted with the technical assistance and recommendations of the Word Bank, the ITU and other international organizations, are to:

- determine the rights, liabilities and duties of end-users, operators of public electronic communications networks, providers of public electronic communications services, operators of private electronic communications networks and state authorities in relation to the regulation of the electronic communications sector;
- establish, develop and exploit the electronic communications networks and allow for the provision of electronic communications services; and
- maintain state control and supervision over the allocation and use of limited resources such as radio spectrum, orbital slots and numbers.

Armenian Regulatory Authorities

There are two relevant regulatory authorities in the Republic of Armenia with regards to the telecommunications sector: (i) the Authorized Body and (ii) the Regulator.

The Law on Electronic Communications, authorizes the Authorized Body, which is defined as the state administrative agency, to (i) determine policy regarding the development of the telecommunications sector, (ii) prepare general policy and objectives regarding the provision of universal services in Armenia and (iii) allocate particular portions of radio spectrum for specific types of use.

Pursuant to the Law on Electronic Communications, the primary functions of the Authorized Body that are relevant to our business include:

- adopting and modifying regulation containing the Armenian Table of Frequency Allocations, while the Government establishes the procedure for frequency management coordination committee meetings and discussions;
- modifying the Armenian Table of Frequency Allocations to allocate radio spectrum for commercial use;
- detecting and locating radio emissions not in conformity with legislation;
- investigating and inspecting, when authorized by appropriate warrant, the use of radio transmission equipment;
- implementing Armenia's commitments to international treaties in the electronic communications sector, as appropriate;
- representing the Republic of Armenia in the International Telecommunication Union and other international telecommunications organizations;
- adopting technical standards; and
- issuing certifications authorizing production, import, installation or use of radio transmission equipment.

The Regulator is established under the Law on the Public Utility Regulator of the Republic of Armenia. The law defines the scope of the Regulator's authority and the structure and activities of the Regulator. It grants the Regulator's decisions full legal force with regard to separate operators and the telecommunications industry as a whole.

The primary functions of the Regulator that are relevant to our business include:

- implementing competition in the provision of public electronic communications services and networks;
- regulating public electronic communications networks and services;
- with respect to radio communication, allocating particular portions of the radio spectrum under its
- control for specific purposes; and
- adopting justified, fair and transparent resolutions that conform to laws and public interest and establishing procedures for implementation of resolutions.

The Regulator adopted rules on rendering VoIP services (effective from October 1, 2007) and rules on publication of tariffs and conditions of rendering services of data transfer and Internet access (effective from January 1, 2009).

Licensing to Provide Telecommunications Services and Radio Frequency Allocation.

In Armenia, the operation and management of the public electronic communication network, voice and mobile communication services, telegraphic communication services, data communication services and connection to the Internet; and television and radio broadcasting services are subject to licensing. A person may own and operate a public electronic communications network in Armenia only if that person holds an operator's license, and a person may provide public electronic communications services only if that person holds either a provider's license or operator's license. Under the Law on Licensing, the grant of exclusive rights and privileges is prohibited. Therefore, Armentel's License No. 60 was amended (effective October 1, 2007) and grants no exclusive rights and privileges to ArmenTel though the company is also considered a dominant operator under Armenian competition law.

Along with an operator's license, an operator must also have authorization to use radio frequencies in order to operate and provide an electronic communications network or service. The Regulator issues frequency authorizations to persons to use specific portions of the radio spectrum and is authorized to suspend or terminate frequency authorizations in accordance with the relevant procedures. Following submission of an application by a licensee, the Regulator may renew the frequency authorization for a period equal to the period for which the original authorization was granted. The Regulator may also make a decision to limit the number of frequency authorizations based on availability of radio frequencies. If such a decision has been made, authorizations are awarded on the basis of competitive applications or auction. The Regulator also has the authority to adopt rules allowing (i) granting shared use of limited resources to multiple applicants, and (ii) auctioning of licenses or authorizations absent any limitation on resources if such auction is in the best interests of the people of Armenia.

Properly certified terminal equipment may be connected to the operator's public electronic communications network provided such connection does not cause physical or technical harm to the network. In accordance with the Law of the Republic of Armenia on Certification, only certificated equipment may be imported and connected. Certification is conducted by commercial organizations that have the required licenses.

Pricing, Competition and Interconnections

According to the Law on Protection of the Economic Competition (effective December 15, 2000), ArmenTel is considered a dominant operator.

All dominant operators must publish information concerning the location and available capacity of their line facilities in accordance with the requirements set by the Regulator (Law on Electronic Communications). Any dominant operator that owns a line facility must allow any other operator to lease the capacity of such line facility. Each operator shall, upon request, interconnect its public electronic communications network with the public electronic communications network of any other operator. Each dominant operator must provide interconnection for the provision of public electronic communications services and must submit an interconnection offer to the Regulator.

In the course of regulating prices, the Regulator must ensure that service providers recover a reasonable rate of return on the value of their investments directed to public services. This may include uneconomic or inefficient investments that are geared towards the advancement of technology or public policy. When determining the rate of

return, the Regulator takes into consideration international benchmarks and features distinct to the Republic of Armenia.

The Regulator is responsible for determining the tariffs related to use of specific public electronic communications services provided by the dominant service providers and the Regulator may regulate with respect to tariffs on specific public electronic communication services provided by non-dominant service providers, provided such regulation is necessary to promote competition and the public interest. Tariffs on services of fixed communication are subject to regulation in accordance with a list prepared by the operator and reviewed and approved by the Regulator. Tariffs on services of mobile communication are not regulated with regard to calls made from fixed networks to mobile networks. The list of regulated services of fixed communication of ArmenTel, together with the method of calculation of tariffs, has been presented to the Regulator for consideration and approval. The Regulator has refused the method of calculations of tariffs proposed by the ArmenTel and has approved its own tariff methodology (effective from May 20, 2008).

Subject to reasonable rates and conditions, an operator may provide physical collocation of its equipment with another operator or service provider, if it is necessary for interconnection with or access to its public electronic communications network. An operator may only provide for virtual collocation with another operator or service provider if another operator demonstrates that physical collocation is not practical for technical reasons or because of space limitations. Collocation includes provision of space, power and lights as well as cross connections between the collocated equipment and switches or loops designated by the collocating operator or service-provider. An operator may make available to any operator or service provider such public electronic communications network infrastructure, technology, information, facilities and functions as may be requested by such operator or service provider for the purpose of enabling them to provide services.

On February 10, 2010, the Regulator approved Armentel's public reference terms of interconnection with network of telecommunication operators using non-geographic codes. On February 24, 2010 (effective March 1, 2010), the Regulator also approved interconnection tariffs for traffic exchanges between mobile networks and fixed networks using non-geographic codes. Further, on November 11, 2008, the Regulator adopted rules on disclosure of information as to an operator's network location, free line infrastructure capacity, and other technical regulations related to fixed telecommunication operators.

In February 2009, regulations on rendering mobile telecommunication services were adopted. These regulations determine, among other things, the order, terms and conditions of rendering and use of mobile telecommunication services, rights and obligations of mobile telecom networks operated by dominant operators and of customers, as well as their respective responsibilities.

Regulation of Telecommunications in Uzbekistan

General Overview

The main statutes that govern the telecommunications industry in the Republic of Uzbekistan in relation to our company are the laws (i) "On Communications" No. 512-XII, dated January 13, 1992 (as amended); (ii) "On the Radio Frequency Spectrum," dated December 25, 1998; (iii) Protection of Consumers' Rights, dated April 26, 1996; (iv) Telecommunications, dated August 20, 1999; and (v) Licensing Certain Types of Business, dated May 25, 2000. These laws determine the general legal and economic basis for organizing communications systems, establishing rights and duties of a company in terms of ownership, use, disposal and management of communications equipment when setting up and operating communications networks and providing communications services.

The government authorities responsible for supervising the telecommunications industry in the Republic of Uzbekistan are the Republic of Uzbekistan Cabinet and a specially authorized telecommunications agency. In accordance with the Telecommunications Law, businesses offering communications services in the Republic of Uzbekistan may be privately or publicly held by Uzbek or foreign national individuals or legal entities. All owners of telecommunications networks have equal rights and enjoy equal protection guaranteed by the law and the legislation imposes no restrictions on foreign investors.

Uzbek Regulatory Authorities

The Uzbek Agency for Communications and Information, or the Agency, is the specially authorized state administration authority that is responsible for regulating the telecommunications industry in the Republic of Uzbekistan. The Agency is the successor to the Ministry of Communications, which ceased to exist in accordance with Presidential Decrees No. UP-1823, dated July 23, 1997 and No. UP-3358, dated December 9, 2003:

The Agency's powers are set out in the Telecommunications Law and may be supplemented by presidential decrees or cabinet decrees. Regulatory acts promulgated by the Agency within its terms of reference are binding on all individuals and legal entities. The Agency's primary functions relevant to our business include the following:

- drafting national programs for development of telecommunications,
- elaborating standards and rules for telecommunications,
- granting licenses to legal entities for telecommunications,
- regulating tariffs for certain types of telecommunications services and inter-network telecommunications links,
- organizing certification of telecommunications equipment, and
- drawing up numbering schemes and managing the numbering plan for telecommunications networks.

The Agency also issues licenses necessary to provide and operate Internet services.

The Agency's structure includes such organizations as the State Communications Inspectorate, the State Radio Frequency Committee, the Centre for Electromagnetic Compatibility, the Centre for Monitoring Mass Communications, and the Centre for Scientific and Marketing Research, among others.

The State Communications Inspectorate for State Supervision of Postal and Telecommunications Businesses, or the Supervisory Body, is responsible for monitoring compliance by telecommunications companies with license requirements and conditions.

Licensing to Provide Telecommunications Services and Radio Frequency Allocation

Legal entities and individuals conducting the following activities are subject to licensing: design, construction and operation and provision of telecommunications services for local networks, interurban networks, international networks, mobile telephony networks, paging networks, data transfer networks, and television and radio broadcasting networks. The Agency is responsible for granting licenses relating to the telecommunications industry. A license is also required in order to provide services in terrestrial communications (local, interurban and international networks).

The Agency may refuse to issue a license or renew an existing license if: (i) the applicant submits improperly drawn up documents or documents containing inaccurate information or misrepresentations or (ii) the applicant fails to meet licensing requirements and conditions and tender conditions. Refusal to issue a license for other reasons, including the reason that it is inexpedient to do so, is prohibited. The Agency may suspend a license for no more than ten business days under certain conditions. A license can only be suspended for more than ten days pursuant to a court order.

The Agency has the authority to terminate a license by court order where the licensee (i) repeatedly breaches the license requirements and conditions, (ii) commits a single gross breach of the license requirements and conditions and (c) fails within the period specified by the licensing or supervisory body to remedy defects which entail license suspension. Upon a licensee's request for termination, expiry of the term or winding up of a licensed entity, the licensing authority may also terminate a license.

The Agency, the Ministry of Defense and the Cabinet's Government Communications Service all have the right to allocate radio frequencies to public and private operators. The Agency is the coordinating body authorized to resolve problems and implement state policy in communications, information and use of the radio frequency spectrum. The Ministry of Defense is responsible for monitoring and supervising the use of radio frequencies in order to secure the defense and security of the Republic of Uzbekistan and the Cabinet's Government Communications Service, or the SPS, is responsible for supervising safe radio navigation for flights and the aeronautical mobile service in the radio bands allocated by the GKRCh.

Specific radio frequencies are granted to users in accordance with a national table of radio frequency allocation. The allocation of radio frequencies among users of the radio frequency spectrum may take place on the basis of a tender or the results of an auction. The radio frequency spectrum is allocated to users for a specific term as prescribed in the permit from the radio frequency authority or in the contract for use and use of the radio frequency spectrum must be paid for. Relations between the GKRCh and the TsEMS and radio frequency users arise on a contractual basis. The Agency may suspend or restrict the right to use radio frequencies in terms of time and/or geographical area. Since for commercial purposes radio frequencies are allocated, as a rule, on a secondary basis, then in case of withdrawal, suspension or restriction of the right to use the radio frequency spectrum no compensation is payable.

In accordance with the requirements of the Telecommunications Law, telecommunications equipment, including line-terminating apparatus, used in telecommunications networks within the Republic of Uzbekistan is subject to certification for compliance with established standards and technical specifications.

Pricing, Competition and Interconnection

Uzbek law provides that state policy for the prevention of monopolistic activity and unfair competition by businesses, state administrative authorities and also local state executive authorities is implemented by the State Committee for Demonopolization and Support of Competition and Entrepreneurship, or the Antimonopoly Authority. In addition, the Agency is authorized, together with the Antimonopoly Authority, to monitor the work of businesses which are natural monopolies in the sphere of telecommunications.

A position is said to be dominant where a business or group of persons has a market share of 65.0% or more. If a business holds a market share of between 35 to 65.0%, it may be deemed to have a dominant position, subject to a determination by the Antimonopoly Authority's based on the size of market share, the stability of the business's market share, the share taken by competitors, ease of access to the market for new competitors and other criteria relevant to the given market. Currently no mobile network operator has been declared a monopolist or a business with a dominant position in the market for telecommunications services.

Under Uzbek law, mobile network operators may fix the tariffs for their telecommunications services independent of approval by the Ministry of Finance on the basis of analyzing the market.

Mobile network operators are permitted to arrange mutual connections (including with Uzbektelecom AK) for domestic traffic in accordance with contractual terms and conditions, although there are certain restrictions regarding international traffic. Pursuant to the requirements of Cabinet Decree No. 453, dated September 29, 2004 Additional Measures for the Privatization of Uzbektelecom AK, communications operators are entitled to connect to international networks exclusively via the technical resources of Uzbektelecom AK.

Regulation of Telecommunications in Ukraine

The Law of Ukraine "On Telecommunications," or the Telecommunications Law, which came into effect on December 23, 2003 and the Law of Ukraine "On Radio Frequency Resource," or the Frequency Law, the revised version of which came into effect on August 3, 2004, are the principal legal acts regulating the Ukrainian telecommunications industry. The Telecommunications Law proposed the adoption of various regulations by the Ukrainian Government and other governmental authorities to supplement the legal framework of the telecommunications industry. As of November 17, 2010, a majority of the orders and regulations proposed by the Telecommunications Law and Frequency Law have been promulgated. The effective Plan for Using the Radio Frequency Resource of Ukraine, which provides directions for the use of radio frequency resources, indicates particular frequency bands and allows for radio technologies, periods of operation and perspective technologies was adopted in 2006. In October 2008, the Cabinet of Ministers approved the changes to the above-mentioned plan which allows the implementation and usage in Ukraine of such radio technologies as mobile communication of third generation (UMTS) and technologies of broadband access to Internet WiMAX

The Telecommunications Law sets forth general principles for the regulation of the telecommunications industry in Ukraine, including a description of the institutional framework for the government's involvement in the regulation, administration and operation of the telecommunications industry in Ukraine. The most important aspects of the Telecommunications Law with respect to our company address the government's authority to:

- license wireless (mobile) telecommunications service providers,
- allocate radio frequencies,
- certify telecommunications equipment,
- allocate numbering capacity,
- ensure fair competition and freedom of pricing, and
- conduct oversight of operators' compliance with the terms of their licenses and Ukrainian law.

Under the Telecommunications Law, all service providers have access to the Interconnected Telecommunications Network, or ITN, which is a centrally managed complex telecommunications network owned by various enterprises and Ukrainian governmental agencies. Each service provider has the right to interconnect its networks with the ITN provided that the individual service provider complies with the connection conditions set forth in its license.

In order to establish and commercially launch a wireless telecommunications network, a company must receive, among other things:

- a license to provide wireless (mobile) telephony services using a specific standard and band of radio frequency spectrum, collectively referred to in this section as a telecommunications license;
- a license to use specified bands of radio frequency for its radio electronic devices, or REDs, referred to in this section as a frequency license;
- certificates on electromagnetic compatibility and operating permits for its REDs; and
- a decision on allocation of numbering resources.

In addition, telecommunications providers must use telecommunications equipment that is certified as complying with specified technical requirements.

Regulatory Authorities

According to the Telecommunications Law, the Cabinet of Ministers, the Ministry of Transportation and Communications, and the National Commission on Regulation of Communications ("NCRC") are the main governmental authorities managing the telecommunication industry.

The Cabinet of Ministers is responsible for forming general policy, ensuring equal rights for developing the forms of ownership, managing state owned assets and directing and coordinating ministries and other central governmental bodies in the area of telecommunications. The Ministry of Transportation and Communications develops state policy proposals in the area of telecommunications and is responsible for their realization. The

Ministry also has the authority to prepare drafts of laws and other legislation, define the quality requirements for telecommunications services and technical standards for telecommunications equipment and exercise other authority as authorized by legislation.

The NCRC is the main regulatory and controlling body in the area of telecommunications and use of radio frequencies is authorized by the Telecommunications and Frequency Laws, as well as by The Cabinet of Ministers of Ukraine Resolution "On National Commission on Regulations of Communications", No. 971, dated July 25, 2007 (as amended). The NCRC issues licenses for the provision of licensed telecommunications services and the use of radio frequencies, maintains registries of telecommunications operators, allocates numbering capacity to telecommunications operators and controls the quality of telecommunications services.

Licensing to Provide Telecommunications Services and Radio Frequency Allocation

Fixed and wireless telephone services (including technical maintenance, operation of telecommunications network and lease of channels), television and radio networks and leases of local, intercity and international telecommunication channel to third parties are all subject to licensing. Additionally, the use of radio frequencies is subject to licensing. A frequency license includes the radio frequency bands allocated for carrying out a telecommunications activity, the list of regions where the radio frequencies may be used, dates of the exploitation of the frequency resource and the type of radio technology to be utilized.

A license can be terminated upon (i) a licensee's request to terminate the license; (ii) inaccurate information in the license application documents; (iii) the transfer of the license to another legal entity or natural person for carrying out the licensed activity; (iv) the failure of the operator or provider of telecommunications services to implement an administrative order to cure breaches of the license terms; (v) a repeated breach by the licensee of license terms during the term of a license; or (vi) annulment of state registration of the licensee.

Additionally, a telecommunications license must be reissued if there is (i) a change in name of the license holder; (ii) a change of legal address; or (iii) a reorganization of a legal entity-business entity through a change of its organizational and legal form, transformation, merger or consolidation.

A frequency license will be cancelled if (i) the use of a radio frequency resource allocated by the license is not initiated by the licensee within the established period if the license; (ii) the licensee terminated use of the radio frequency resource, allocated by the license for a period that exceeds one year; or (iii) the licensee failed to fully implement the radio frequency resource, allocated by the license within the established period.

A telecommunications operator is required to pay a fee for the allocation of numbering capacity. Currently, the fee for obtaining one local telephone number for provision of fixed telephone services is 30 hryvnia (or approximately US$4.0). The NCRC, by its Decision of September 1, 2007, prohibited use of local telephone numbers in wireless networks.

Pricing, Competition and Interconnections

The Telecommunications Law allows wireless service operators to establish tariffs (rates) for the wireless services provided to subscribers, with the exception of tariffs on universal services and data traffic channeling by telecommunications operators that occupy a significant position on the respective market. This provides for competition between Ukrainian wireless services operators. The law requires operators to publish tariffs established by the operators themselves no less than seven calendar days prior to implementation of the tariff.

According to the Telecommunications Law, where a telecommunications operator sets prices on its services pursuant to hourly tariffs and makes settlements with consumers by certain units of time (e.g., minutes or seconds), it should take into account only full tariff units of time.

Applicable law currently does not establish a limitation on collecting payments for incoming calls (i.e., mandatory "calling party pays" system) by wireless services operators. A provision prohibiting collecting payments for incoming calls was adopted on November 21, 2002, but was later abolished after adoption of the Telecommunications Law (November 18, 2003). The main telecommunications operators have not come back to collecting payment for incoming calls, which was a widespread practice before November 2002.

Effective July 15, 2006, the NCRC introduced new tariffs for provision of voice services to fixed line subscribers. As a result of the tariff's re-balancing policy, the tariffs for local calls and monthly fees increased and tariffs for DLD/ILD calls decreased. Effective November 1, 2006, the NCRC continued the tariff re-balancing

process by increasing the tariffs for local calls and monthly fees and by decreasing the tariffs for fixed-to-mobile calls. On October 28, 2006, the Verkhovna Rada approved the amendments to the Telecommunications Law which changed the list of the telecommunication service tariffs subject to the public regulation. Under new regulation, tariffs for DLD/ILD calls were excluded from the public regulation. The amendments also exclude fixed-to-mobile calls from the public tariff regulation. As a result of these changes, we expect increased competition from the incumbent operators in the DLD/ILD services market.

The Telecommunications Law regulates the interconnection of telecommunication networks, including the obligations of wireless service providers and providing conditions for the conclusion, modification and termination of interconnection agreements. In June 2010, the Antimonopoly Committee of Ukraine affirmed its prior decision after reconsideration determining all mobile operators to hold a dominant position on the market of access to the network. Henceforth, the NCRC regulates interconnections involving dominant operators, including the technical, organizational and economic terms of the interconnection and sets tariffs for access to the network.

Wireless services operators are not obligated to interconnect with a dominant operator in order to use its facilities for the "backbone" connection (trunk or intercity fixed network). As a rule, a telecommunications license permits an operator to build its own backbone network throughout the country.

Interconnection contracts and agreements between telecommunication operators in Ukraine and foreign telecommunication operators are governed by recommendations issued by the International Telecommunications Union.

In April 2009, telecommunication regulations were revised to amend so-called licensing terms with a specific requirement on radio frequency coverage applicable to all mobile operators. Further, NCRC has introduced a requirement to lock mobile handsets, which IMEI-codes are absent in a state register of IMEI-codes.

In July 2010, telecommunication regulations also were amended to implement a so-called national roaming service giving subscribers the ability to allocate their numbers from one telecom network to another.

Regulation of Telecommunications in Kyrgyzstan

The Law of Kyrgyz Republic No. 31 "On Electric and Postal Communications," dated April 2, 1998, in Kyrgyzstan, or the Kyrgyzstan Communications Law, which came into effect on April 2, 1998, is the principal act regulating the telecommunications industry in Kyrgyzstan and sets forth general principles for the regulation of the telecommunications industry, the authority of each regulatory agency, the rules governing telecommunications networks' cooperation and consumer rights protections. In accordance with the Kyrgyzstan Communications Law, the government of Kyrgyzstan and certain other governmental agencies adopted a number of acts regulating specific aspects of the telecommunication industry, the most important of which are outlined in greater detail below. The amendments to Kyrgyzstan Communications Law were recently prepared by telecommunications experts and are to be adopted on the forthcoming sessions of the newly elected Parliament of Kyrgyz Republic. However, there is no confidence that these amendments will be adopted and that they will not be subject to any further changes.

The Kyrgyzstan Communications Law grants the Kyrgyz government broad authority with respect to the telecommunications industry in Kyrgyzstan. The most important aspects with respect to our business include the government's authority to:

- develop and implement government policy in telecommunications sphere;
- create necessary conditions for foreign investments;
- develop and implement demonopolization and privatization programs in communications industry;
- represent Kyrgyz Republic in international telecommunication organizations; and
- set forth the procedures and payment amounts for the ability to provide services with the use of frequencies.

The Government of Kyrgyz Republic delegates its authorities in governing of electric communications to the Ministry of Transport and Communications, the National Telecommunications Agency and other executive bodies of Kyrgyz Republic that have the responsibility for status and development of all types of electric communications.

Kyrgyzstan Regulatory Authorities

Under the Kyrgyzstan Communications Law, the State Telecommunications Agency under the Government of Kyrgyz Republic, or the STA, (which is currently included in Kyrgyzstan's government structure) is the permanent state body authorized to implement functions of regulation in the sphere of electric communications.

The State Telecommunications Agency realizes the following functions:

- controls and supports free competition between all telecommunication operators;
- provides equal access of all users to the public electric networks and public communication services on the basis of quality provision of services and provision of confidentiality of communications and users;
- provides fulfillment of obligations of operators in the interests of national security of the Kyrgyz Republic and in the state of emergency;
- monitors the conditions and volume of services of communication operators;
- creates, develops and exploits the state system of radio-control;
- controls and monitors execution of national plan of phone numeration in the Kyrgyz Republic, as well provides numeration to operators;
- realizes state supervision of quality of services provided;
- issues permits for the use of radio frequencies to various types of users on the basis of recommendations of the State Radio Frequencies Commission.
- issues licenses in accordance with the Kyrgyz Licenses Law;

- realizes certification, issues conformance certificates for equipment and communication services, as well other technical means with radio-frequency radiation or being the source of electromagnetic waves;
- regulates competition in telecommunications industry together with the state body for antimonopoly policy;
- approves tariffs for telecommunication services of monopolies.

Decisions of the State Telecommunications Agency are obligatory for all regulated subjects in the sphere of communications independently of their property title.

The Ministry of Transport and Communications of the Kyrgyz Republic realizes the following functions:

- development of state policy in the sphere of communications;
- drafting laws and other legislative acts in the sphere of communications;
- negotiating with other states and governments on the issues of communications;

The State Commission of Kyrgyz Republic on Radio Frequencies, or the SCRF, is a consultative-advisory agency of the Kyrgyz government that provides recommendations on government policy regarding frequencies. The State Service of National Security and certain other governmental defense bodies also maintain a level of control over the telecommunications industry as part of its investigative operations.

Licensing to Provide Telecommunications Services and Radio Frequency Allocation

Telecommunications services may only be rendered in Kyrgyzstan by a valid license holder authorized to provide the relevant services. In accordance with the Kyrgyzstan Communications Law, the STA issues licenses to provide telecommunications services on the basis of an application form or, as required, the results of a competitive tender.

The STA may refuse to grant a telecommunications license in the event that (i) realization of such kind of activity is prohibited under the law for certain type of entity, (ii) document required in accordance with Licenses Law and other legislative acts are not provided in the full volume, (iii) payment for consideration of application and issue of licenses is not realized, or (iv) applicant does not correspond to the qualification requirements. The STA may suspend a license if there is found to be uncured violation of licensing requirements for which STA made written notice to the Licensee. A telecommunications license may be revoked upon decision of STA in the following cases: (i) non-removal of the circumstances under which Licensor suspended license; (ii) non-performance of licensing obligations; (iii) prohibition to the Licensee by the court to operate in the sphere on which licenses is granted.

The STA is responsible for allocating frequencies in Kyrgyzstan. Frequencies are allocated in accordance with the National Radio-Frequencies Table, establishing frequency allocations in the ranges of 3 kHz to 400 GHz for all types of radio-electronic equipment. Frequency allocations may be changed to accommodate the government's administration, defense or national security. In such cases, the Kyrgyzstan Communications Law provides for reimbursement of damages to be paid to the operator.

The Kyrgyzstan Communications Law requires that telecommunications equipment and radio-electronic and high-frequency equipment must be certified. Telecommunications equipment falls into two groups with regards to certification: (i) equipment that requires certification in Kyrgyzstan and (ii) equipment that may be used subject to a declaration of compliance issued by the manufacturer.

Pricing, Competition and Interconnections

There are two central state bodies in Kyrgyzstan that control anti-monopoly legislation compliance in the telecommunications industry: (i) the STA and (ii) the State Agency for Anti-Monopoly Regulation, Protection and Development of Competition (Anti-Monopoly Agency). According to the Kyrgyzstan Communication Law the only anti-monopoly body for telecommunication industry is STA. However, in the end of 2009 due to reform of Government anti-monopoly functions were transferred to Anti-Monopoly Agency but corresponding changes were not made into Kyrgyzstan Communications Law. Therefore, there is a conflict of laws of different levels and due to the fact that Kyrgyzstan Communications Law has greater legal force its provisions should apply.

According to the Kyrgyzstan Communication Law, the STA's powers in the anti-monopoly area include the following: (a) regulating and controlling natural monopolies in the telecommunication industry, (b) regulating tariffs of the dominant market players and (c) procuring that there is no discrimination with respect to access to telecommunications services. Currently, dominant operators must obtain the STA's approval for any increase of tariffs. The list of natural monopolies is determined in a governmental registry and approved, maintained and controlled by the State Telecommunication Agency.

In accordance with the Law of Kyrgyz Republic No. 1487-XII On Restriction of Monopoly Activity, Development and Protection of Competition dated 15 April 1994, state control over development of competition and restriction of monopoly activity in the sphere of republican goods and services turnover is realized by the State Agency for Anti-Monopoly Regulation, Protection and Development of Competition.

Regulation of Telecommunications in the Kingdom of Cambodia

The telecommunications sector in Cambodia is currently regulated by a patchwork of regulations. There is no overarching law regulating the sector, and there are a number of significant gaps in the regulatory framework. The primary regulations currently governing the sector are the following: Prakas (regulations), circulars and directives issued by the Ministry of Post and Telecommunications of Cambodia, or the MPTC, and/or the Ministry of Economy and Finance, or MEF:

- Inter-Ministerial Prakas on Minimum Tariffs on Mobile and Fixed Telephone Services and Interconnection Fees (2009);
- Prakas on Telecommunications Interconnection (2009);
- Directive Regarding Measures to Stop Interconnection Blockages between Network Operators (2009);
- Inter-Ministerial Circular on the Prevention of Dishonesty in Competition in the Telecommunications Sector (2009);
- Notice on Access to Frequency (2008); and
- Prakas on Communication Facility Management and Microwave Utilization Charge (2003).

The majority of these regulations were issued in the second half of 2009 in response to issues that arose from increased competition in the telecommunications sector, particularly pricing and interconnection disputes between providers of mobile telecommunications services. Aspects of the regulations have been controversial, including their lawfulness/constitutionality, and hence there has been considerable discussion between the private sector operators and the Royal Government of Cambodia in relation to the regulations. These discussions remain ongoing and consequently the regulations have not yet been fully or consistently implemented in practice.

Other relevant laws and regulations are the Law on the Establishment of the Ministry of Post and Telecommunications (1996) and its implementing regulations, although these primarily relate to the establishment, organization and internal functioning of the MPTC. A draft Law on Telecommunications, or the Draft Law, has been prepared, which is intended to provide a comprehensive regulatory framework for the telecommunications sector. However it has yet to be finally approved by the Royal Government of Cambodia and therefore does not have any official status at present. There is no clear timetable for its enactment and there are no guarantees that the Draft Law will be enacted or, if enacted, will be enacted in its current form.

Cambodian Regulatory Authorities

The MPTC is the state authority appointed by the Royal Government of Cambodia to administer and regulate the postal and telecommunication sectors of the Kingdom of Cambodia. Regulations, directives and circulars promulgated by the MPTC within the scope of its regulatory authority are binding on all individuals and legal entities.

The MPTC is responsible for policy making and also holds regulatory and supervisory roles, including responsibility for issuing and administering licenses and frequency spectrum for the telecommunications sector in Cambodia. The MPTC's primary functions relevant to our business include the following:

- setting national policies for development of telecommunications,
- elaborating standards and rules for telecommunications,
- granting licenses to legal entities for telecommunications, including rights to frequency spectrum,
- regulating tariffs for certain types of telecommunications services and inter-network telecommunications links,
- organizing certification of telecommunications equipment, and
- drawing up numbering schemes and managing the numbering plan for telecommunications networks

The MPTC also issues licenses necessary to provide and operate Internet services in Cambodia.

The MEF is the Government agency responsible for the administration of Cambodia's tax regime, and also has a joint responsibility with the MPTC for setting certain fees and charges applicable to the telecommunications sector.

Licensing to Provide Telecommunications Services and Radio Frequency Allocation

There is currently no law or regulation in Cambodia that clearly and expressly identifies:

- the licenses necessary to construct, operate or own a telecommunications network or provide telecommunications services including mobile telecommunications, 3G, Internet and VoIP services;
- the criteria for the grant of such licenses; or
- the terms and conditions on which such licenses may be granted.

In practice it is accepted, and the MPTC requires, that a license must be obtained from the MPTC to construct, own and operate a telecommunications network or provide any telecommunications services. The MPTC considers its licensing power to derive from its general authority as the Government agency responsible for overseeing and regulating the telecommunications sector. Its authority in this regard is generally recognized and accepted.

Currently in Cambodia, telecommunications licenses set out many rights and obligations which, in more developed legal jurisdictions would be expected to be included in legislation or regulations.

There is currently no Cambodian law in relation to the allocation of frequency spectrum, including the tariffs/fees payable for the award or use of allocated frequency spectrum. In practice, it is accepted that the MPTC is the Government agency responsible for issuing, administering and regulating frequency spectrum for use in operating telecommunications networks and providing telecommunications services.

The allocation of frequency, the duration of this allocation and any specific conditions or restrictions with respect to such frequency allocations are usually stated in the applicable telecommunications network/service license issued to the operator (rather than in a separate frequency license), or a frequency allocation letter from the MPTC. Regulations have been issued by the MPTC which require telecommunications network operators to obtain annual frequency licenses in relation to the frequency that has been assigned to them, however the implementation of this regulation by the MPTC has been inconsistent.

Pricing, Competition and Interconnection

The operating licenses of telecommunications network operators/service providers in Cambodia generally permit the applicable entity to determine the tariffs for its services without the need for specific regulatory approval, subject to a requirement to publish the tariffs at least annually and keep customers informed of any changes thereto. However, in September 2009 the MPTC and MEF issued a joint regulation seeking to prohibit certain practices in relation to customer tariffs (including provision of free on-network calls, setting tariffs for inter-network calls lower than mandatory interconnection fees, and providing free additional talking time) and in December 2009 the MPTC and MEF issued an Inter-Ministerial Prakas on Minimum Tariffs of Mobile and Fixed Telephone Services and Interconnection Fees, or the Minimum Tariff Regulation, which established certain minimum tariffs with respect to both on-network and cross-network calls.

Domestic and international interconnection (including interconnection fees) have been regulated in Cambodia for a number of years and the Minimum Tariff Regulation also set out fixed fees in relation to interconnection between domestic networks, between domestic and international networks and mandated interconnection traffic through the Telecom Cambodia transit switch.

There is no general competition law in Cambodia, or law relating specifically to competition in the telecommunications sector. However, in September 2009 the MPTC released the Inter-Ministerial Circular on the Prevention of Dishonesty in Competition in the Telecommunications Sector, or the Competition Circular, which noted four main principles with respect to the policy development aims in the telecommunications sector:

- Equal competition;
- Provision of good and high quality service;

- Affordable prices; and
- Increased national revenues.

The Competition Circular mandated an immediate halt to all kinds of advertisement, programs and strategies for market capture and blockages of inter network connection "which potentially can cause crisis in Cambodian telecommunication sector, and which can especially harm state revenue". It also required that all advertisements must comply with applicable fiscal laws and other legal documents. The Minimum Tariff Regulation subsequently went further and prescribed that the content and images of all advertisements must be approved beforehand by the MPTC.

In September 2009 the Prime Minister issued a Directive Regarding Measures to Stop Interconnection Blockages between Network Operators, in response to complaints from certain operators that interconnection was being blocked by competitors. Amongst other things the Directive prohibited the blocking of interconnection and provided that operators that failed to comply with the Directive could be subject to a number of penalties including obligations to compensate the blocked competitor and the State, and possible suspension or revocation of its license. In October 2009, the MPTC issued the more detailed Prakas on Telecommunications Interconnection, or the Interconnection Regulation, substantially updating the previous Telephone Interconnection Regulation issued in 2003. The Interconnection Regulation sets out a number of core rights and obligations with respect to inter network connection, applicable to all operators holding licenses to provide telecommunication services in Cambodia, including that:

- operators must ensure and permit connection with other telecommunication operators for their telecommunication service users; and
- connection must be provided without discrimination, on time, based on principles of transparency, and with connection fees based on a reasonable actual cost.

Aspects of the above regulations have been controversial, including in particular the regulation of customer tariffs (which as noted above is inconsistent with existing license provisions enabling operators to set their tariffs, and has also been alleged by some operators to be inconsistent with investment laws). Similarly a number of operators have objected to the Government's endeavors to control advertising content. Hence the regulations, including the Minimum Tariff Regulation and the Competition Circular, have been the subject of considerable discussion between the private sector operators and the Royal Government of Cambodia. These discussions remain ongoing and accordingly, to date, these regulations have not yet been fully or consistently implemented in practice.

MANAGEMENT

A. Directors and Senior Management

As of January 1, 2011, the members of our board of directors, management committee, audit commission and other senior management were as follows:

Name[1]	Age	Title
Alexander V. Izosimov	46	Chairman of Board of Directors
Alexey A. Gavrilov[2]	32	Director
Mattias Hertzman[3]	41	Director
Kjell-Morten Johnsen[4]	42	Director
Hendrik van Dalen	57	Director
Elena A. Shmatova[5]	51	General Director
Dmitry A. Pleskonos[5]	46	Executive Vice President, Mass Market Development in Russia
Dmitry G. Kromsky[5]	48	Vice President, Business Development in the CIS
Andrey E. Patoka[5]	40	Vice President, Business Development in Russia
Martin J. Furuseth[5]	56	Executive Vice President, Chief Strategy Officer, Russia
Marina A. Dumina[5]	52	Vice President, Legal
Mikhail V. Yakovlev[5]	56	Vice President, Organizational Development and Human Resources
Dmitry Y. Afinogenov[5]	48	Vice President, Chief Financial Officer
Olga N. Turischeva[5]	40	Vice President, Marketing and Business Development
Vladimir A. Filippov[5]	50	Vice President, IT and Technical, Russia
Marina V. Muravyova	39	Audit Commission Member

(1) The registered business address of each of the individuals is Open Joint Stock Company "Vimpel-Communications," 10 Ulitsa 8 Marta, Building 14, Moscow, Russian Federation 127083.

(2) Alfa Group nominee.

(3) Mattias Hertzman resigned from our board of directors as of December 31, 2010. A new director will be appointed at an Extraordinary General Meeting of the Shareholders.

(4) Telenor nominee.

(5) Member of the management committee.

There are no potential conflicts of interest between any duties of the members of our administrative, management or supervisory bodies owed to our company and their own private interests and/or other duties.

On October 11, 2010, in connection with the completion of VimpelCom Ltd.'s acquisition of all of our outstanding share capital and the terms of a shareholders agreement dated as of October 4, 2009, between and among VimpelCom Ltd., Telenor and Alfa Group, our charter was amended to provide that our board consists of five members. Under the terms of the shareholders agreement, Telenor and Alfa Group each has the right to nominate one candidates for election to our board of directors. Our remaining three directors are nominated by the CEO of VimpelCom Ltd. and approved by the supervisory board of VimpelCom Ltd.

Current Directors

Alexander V. Izosimov is currently a chairman of the board of directors of our company since November 10, 2010. He currently serves as President and CEO of VimpelCom Ltd. Mr. Izosimov served as our Chief Executive Officer and General Director from October 2003 until April 2009. From April 2009 to December 2009, Mr. Izosimov served as non-executive president of our company. Mr. Izosimov currently is the chairman of the board of directors of Kyivstar and serves on the boards of directors of MTG AB, East Capital AB, GSM Association and Dynasty Foundation. Prior to joining OJSC VimpelCom, Mr. Izosimov held senior positions with Mars, Inc. in Moscow and McKinsey & Company in Stockholm and London. Mr. Izosimov has a M.S. degree from the Moscow Aviation Institute and an MBA from INSEAD.

Alexey A. Gavrilov has been a director of our company since October 12, 2010. Mr. Gavrilov has served as Vice President, Asset Management of Altimo since 2005. From 2004 to 2005 he served as a Director of strategic planning in Sovintel (Golden Telecom). Mr. Gavrilov held various positions in YUKOS from 1999 till 2004.

Mr. Gavrilov graduated with honors from the Faculty of World Economy of the Finance Academy under the Government of the Russian Federation; he has Ph.D. degree in Economics.

Mattias Hertzman has been a director of our company since October 12, 2010. He has also served as Executive Vice President and Chief Strategy Officer of VimpelCom since August 2009. Prior to this time, he served as Executive Vice President and Chief Strategy Officer from December 2007 to November 2008. From August 2005 to December 2007, he served as Vice President and Chief Strategy Officer of our company. Prior to joining our company, Mr. Hertzman worked for McKinsey & Co. from 1998 until 2005, focusing on Strategy and Sales & Marketing in the wireless telecommunications industry. Prior to working at McKinsey & Co., Mr. Hertzman worked for Accenture, Oriflame and MODO Paper. Mr. Hertzman also serves as a member of the Executive Management Committee of the GSM Association. Mr. Hertzman has a master's of science in business and economics with a focus on Central and Eastern Europe from Uppsala University.

Kjell-Morten Johnsen has been a director of our company since June 2007. Mr. Johnsen is the CEO of Telenor Serbia, as of March 2009. Before his appointment in Serbia, Mr. Johnsen served as Senior Vice president of Telenor Central & Eastern Europe and Head of Telenor Russia from February 2006. From 2001 to 2006, Mr. Johnsen worked as Vice president of Telenor Networks with responsibility for Telenor ASA's fixed line activities in Russia and the CIS. From 1996 to 2000, Mr. Johnsen worked with Norsk Hydro, where he held executive positions both as country manager in Ukraine and as a manager at the regional headquarters for the CIS, Africa and Latin America, based in Paris. Mr. Johnsen served as a member of Golden Telecom, Inc.'s board of directors from December 2003 to February 2008. Mr. Johnsen holds a master's degree in business administration in strategic management from the Norwegian School of Economics and Business Administration.

Hendrik van Dalen has been a director of our company since October 12, 2010. Mr. van Dalen has served as the Chief Financial Officer of VimpelCom Ltd. His appointment is effective as of September 1, 2010. Mr. van Dalen held a position of the Chief Financial Officer and was a member of the Board of TNT from 2006 until 2010. From 2000 until 2006 Mr. Van Dalen was a member of the Board of Management and CFO of DSM. He studied Economy and Sociology at the Erasmus University in Rotterdam.

Senior Management

Elena A. Shmatova has served as General Director of our company since June 10, 2010. She served as Executive Vice President and Chief Financial Officer from October 2005 to June 2010 and as Chief Financial Officer of our company from January 2003 to October 2005. Ms. Shmatova served as Director of Treasury of our company from March 2002 until January 2003 and as Financial Controller of our company from December 1999 until March 2002. From 1992 until 1999, Ms. Shmatova served as Deputy Finance Director, Finance Director and Vice President of Finance at the Sprint Communications/GlobalOne Group of companies in Russia. Prior to 1992, Ms. Shmatova served as a Financial Director of "Express Mail Service-Garantpost" and was an economist at the Ministry of Telecommunications of the USSR and the Center of International Accounting of the Ministry of Telecommunications of the USSR. Ms. Shmatova received a bachelor's degree in economics from the Moscow Telecommunications University.

Dmitry A. Pleskonos has served as Executive Vice President, Mass Market Development of our company in Russia. Mr. Pleskonos also served as Executive Vice President, Business Development in the CIS since May 2007 and as Vice President, General Manager for the Moscow region from January 2007 until May 2007. In January 2007, Mr. Pleskonos became a member of the management committee of our company. From January 2006 until January 2007, Mr. Pleskonos served as General Manager for the Moscow region of our company. From July 2004 until January 2006, Mr. Pleskonos served as Sales Director of our company. From May 2002 until June 2004, Mr. Pleskonos served as Sales Operations Director for Russia and CIS countries at Mars LLC, a consumer products manufacturer. Mr. Pleskonos worked for Mars Inc. from 1993 to 2004. Mr. Pleskonos graduated with honors from Kiev Higher Military School of Radio-Engineering and Air Defense, majoring in radio engineering, and from the Military Diplomatic Academy.

Dmitry G. Kromsky has served as Vice President, CIS Business Development in our company since December 2009. Since January 2006, he has been appointed as General Director of KaR-Tel. Since June 2007, he has served as an Executive Director responsible for the development of acquired companies in the CIS. He came to VimpelCom in 2002 as the Director, Central region. Mr. Kromsky has also headed several mobile operators in various regions of Russia and held the position of Vice President of operations in the Moscow representative office of the American company MCT Corp. He has also worked in the Moscow representative office of the South Korean

company Samsung Electronics and at Telmos company and participated in establishing 12 regional mobile AMPS/DAMPS operators as part of Vostok Mobile B.V. Holding. Mr. Kromsky graduated with a Master's degree in Automatics & Electronics from the Moscow Institute of Electronic Techniques.

Andrey E. Patoka has served as Vice President, Business Development of VimpelCom in Russia since 2009. He has served as Deputy General Director and Senior Vice President on international and regional business of Golden Telecom since VimpelCom acquired Golden Telecom in 2008. Since September 2003, Mr. Patoka has headed the regional business development department of Sovintel. In March 2004, he became the head of our international and regional business development department in Sovintel. In 1992, he started his career as sales manager of "Combellga." In 2002, he became Commercial Director and headed the sales department. Mr. Patoka graduated from Military Krasnokazarmenny Institute of the Ministry of Defense with a Master's degree in Military translation.

Martin Furuseth has served as Executive Vice President, Chief Strategy Officer of VimpelCom, Russia since December 2010. He served as Executive Vice President, Chief Marketing Officer of VimpelCom from January 2010 until December 2010. Before joining VimpelCom, Mr. Furuseth served as Vice President and Chief Operating Officer of Telenor ASA and Kyivstar in Ukraine where he was responsible for marketing, technical and general company strategy. From 2002 to 2003, he held the position of General Manager at Tech Data in Germany, the second largest IT distributor in Germany. Mr. Furuseth held different positions at Siemens, Compaq Computer GmbH, VIAG Intercom (later O2) in Germany, Telenor A.S., Digital Equipment Corporation and IBM. He graduated from the Norwegian School of Finance and Business Administration (NHH) Bergen with a Bachelor's degree of Business.

Marina A. Dumina joined the Company as Vice President, Legal in June 2010. From 1998 to 2010 she worked in an international law firm Akin Gump Strauss Hauer & Feld. Her sphere of expertise includes international litigation and investment projects in telecommunication, oil and other industries. Ms. Dumina participated in a number of projects in the securities and financial markets. In 2006 she became a partner in Akin Gump Strauss Hauer & Feld. From 1993 to 1998 she worked as senior lawyer in the Moscow office of the international law firm Linklaters and Paines. Ms. Dumina graduated from the Moscow State University in 1980 with specialization in international law.

Mikhail V. Yakovlev joined our company in April 1997. He has served as Vice President, Organizational Development and Human Resources of our company since November 1, 2010. He served as Regional Director of Central region from December 2005 to November 2010, as a Commercial Director of Moscow region from July 2004 to December 2005, as Sales Director from August 1999 to July 2004 and as Commercial Director, Deputy General Director from April 1997 to August 1999. Simultaneously with the position of Commercial Director, Deputy General Director Mr. Yakovlev in 1999 served as IT Director. From 1994 until 1997 Mr. Yakovlev served as General Director of Moscow Telecommunication Company (MTK). Prior to 1994, Mikhail Yakovlev served as Deputy Director of Communication and Satellite System Centre of Ministry of Sea Fleet. Mr. Yakovlev received a bachelor's degree in radiotechnique from the Moscow Telecommunications University.

Dmitry Y. Afinogenov has served as Vice President, Chief Financial Officer of our company since August, 2010. Starting from 2002 he held various positions at VimpelCom from a Regional Financial Controller to a Chief Financial Officer for the CIS countries and international operations. From 1998 until 2002 Mr. Afinogenov worked as the Manager of Financial reporting in PepsiCo Holding Company. From 1993 until 1998 he held positions of a Chief Accountant and a Financial Controller at Ernst & Young CIS Limited (Cyprus). Mr. Afinogenov graduated from the Moscow Telecommunications University specializing in engineering and economics.

Olga N. Turischeva has served as Vice President, Marketing and Business Development of our company since December 2010. She served as CEO of Rambler Media Limited from April 2009 to August 2010. Ms. Turischeva served as Director of Beeline Ventures from July 2007 to April 2009 and as Marketing Director of our company from January 2001 until June 2007. From 1998 until 2000 Ms. Turischeva served as Marketing Director of BSH Bosch und Siemens Hausgeräte GmbH Moscow, Russia. Prior to 1998, Ms. Turischeva held senior positions at Merloni Elettrodomestici S.p.A. CIS, Baltic and East Europe Representative Office. Ms.Turischeva has a M.S. degree from the Moscow State University.

Vladimir A. Filippov has served as Vice President, IT & Technical Director of VimpelCom, Russia since January 2010. From June 2008 to January 2010 he served as Vice-President, IT. From April 2006 to June 2008, Mr. Filippov was a Member of the Management Board, Chief Information Officer and Vice President, IT. He served as Vice President, Information Technology from March 2005 to April 2006. From September 2003 to March 2005,

Mr. Filippov served as Strategic Programs Director of VimpelCom. Previously, he had been acting as Deputy to New Billing Program Director in VimpelCom's IT Department. Mr. Filippov graduated from Moscow University of Physics and Engineering, Cybernetics Faculty with a degree in Applied Mathematics and Computer Software and has also completed an Advanced Management Program at Harvard Business School.

Audit Commission Member

Marina V. Muravyova has been a member of our audit commission since December 8, 2010. Ms. Muravyova has been a Director of Internal Audit and Risk Management of our company since 2002 and is responsible for managing internal audit function in Russia and CIS. From 2001 to 2002, Ms. Muravyova headed the Investment Department of our company. Prior to joining our company, she served as Financial Manager and Treasury Manager of Sprint, Global One Group of companies from 1993 to 2001. Ms. Muravyova graduated from the Faculty of marketing and management in mechanical engineering of the Moscow Institute of Aviation. She has been a certified internal auditor (CIA) since 2004, is a member of the American Institute of Certified Public Accountants (AICPA) and holds a master's degree in management.

B. Compensation

We paid our directors, senior managers and audit commission members an aggregate of approximately US$16.9 million for services provided during the first nine months of 2010, excluding approximately US$1.05 million in stock based-compensation award payments.

For 2010, each unaffiliated director was entitled to receive an annual retainer of US$100,000, and each affiliated director was entitled to receive an annual retainer of approximately US$16,000 per year. The chairman of the board of directors received an annual retainer of US$122,000 in 2010. In addition, each director who served as head of any of the official committees of our board of directors was entitled to receive additional annual compensation of US$36,000 per committee headed. Some of the directors starting from June 2010 waived their right to receive the retainer. Starting from October 12, 2010 none of the directors receive a retainer. All of our directors are reimbursed for expenses incurred in connection with service as a member of our board of directors.

On June 9, 2008, our shareholders approved changes in compensation for our directors. In 2009, directors who were not employees could participate in a phantom stock plan, pursuant to which they each received up to a maximum of 20,000 phantom ADSs per year, with an additional 10,000 phantom ADSs granted to the chairman of the board of directors and 10,000 phantom ADSs granted to each director for serving as head of any official committee of the board of directors, provided that the amount paid to a director upon redemption may not exceed US$3.00 per ADS per year for each one-year term served by the director. The number of phantom ADSs granted to each director was set by the board of directors. The phantom ADSs, which did not involve actual ADSs or shares of common stock, could be redeemed for cash on the date the director ceased to be a director; provided, however, that directors who were re-elected to the board of directors could redeem such phantom ADSs related to their previous period of services at any time from the date of his or her re-election to the date he or she was no longer a director. A director, upon redemption of a phantom ADS, would receive, for each phantom ADS, cash in an amount equal to:

- the amount that the average closing price of one of our ADSs quoted on the NYSE for the three-month period immediately prior to the date of redemption, exceeds
- the closing price of one of our ADSs quoted on the NYSE on the date preceding the grant date of the phantom ADS; provided, however, that the amount paid to a director upon redemption may not exceed US$3.00 per ADS per year for each one-year term served by the director.

As of September 30, 2010, an aggregate of 130,000 phantom ADSs had been granted to our directors under our phantom stock plans.

The board of directors determined the following definitions of "affiliated" and "unaffiliated" directors:

- an "unaffiliated" director was any member of the board who was not an employee, officer, director or other affiliate (but who may be a consultant and/or former employee) of any shareholder that owns over 25.0% of our voting shares, any controlling person of such shareholder or any controlled affiliate of such controlling person, as determined on the date of the shareholders meeting at which such person is elected a member of the board of directors.
- an "affiliated" director was any director that did not fall into the category of an unaffiliated director.

In connection with the completion of the VimpelCom Ltd. Exchange Offers, as of April 21, 2010, all outstanding phantom ADSs held by directors who became VimpelCom Ltd. directors were waived under our company's phantom ADS program and credited under the new VimpelCom Ltd. phantom stock program. Outstanding phantom ADSs held by our directors who did not become VimpelCom Ltd. directors remained under our existing phantom ADS program. In 2009, our senior managers received phantom ADSs in an amount approved by our compensation committee, subject to the aggregate amount of phantom ADSs allocated by our board of directors in each calendar year. In 2009, the board of directors authorized the grant of 820,000 phantom ADSs, respectively, to our senior managers. Of the total number of phantom ADSs granted in 2009, none of the phantom ADSs were exercised and no payment was made in 2009. As of December 31, 2009, an aggregate of 286,666 phantom ADSs were outstanding.

In addition, in 2009, our board of directors adopted a stock appreciation rights plan for our senior managers and employees. The plan is administered by our company's General Director, and the compensation committee of our board of directors determined the aggregate number of stock appreciation rights that may be granted. Prior to completion of the VimpelCom Ltd. Transaction, a stock appreciation right, upon vesting, entitled the holder to receive a cash amount per stock appreciation right equal to any excess of the NYSE closing price of one of our ADSs on the exercise date over the price at which such stock appreciation right was granted, which was the higher of the NYSE closing price on the grant date or the average NYSE closing price over a period of 30 trading days prior to the grant date. In connection with the completion of the VimpelCom Ltd. Transaction and the delisting of our ADSs from the NYSE, as of April 21, 2010, our stock appreciation rights plan was amended to provide that the exercise price for stock appreciation right, upon vesting, relates to the NYSE closing price of a VimpelCom Ltd. ADS. The grant prices of the stock appreciation rights were not changed. The stock appreciation rights granted under the plan vest over a two-year period, as long that the company meets the plan's performance targets. In 2009, 2,050,760 stock appreciation rights were granted under the plan, none of which had vested as of December 31, 2009. As of September 30, 2010, 1,844,620 stock appreciation rights were outstanding, 942,480 of which are currently exercisable or are exercisable within 60 days of November 30, 2010

Our senior managers and members of our audit commission are also eligible to participate in our 2000 stock option plan, as amended, and in the VimpelCom Ltd. 2010 stock option plan. For more information on these stock option plans, please see "—E. Share Ownership—2000 Stock Option Plan" below.

In 2010, the chairman of our audit commission was entitled to receive an annual retainer of US$67,000 and each other member of our audit commission was entitled to receive an annual retainer of US$27,000. Each member of our audit commission is reimbursed for expenses incurred in connection with service as a member of our audit commission.

We have entered into indemnification agreements with each of our directors, senior managers and members of our audit commission pursuant to which we have agreed to indemnify each of them for all losses, subject to certain limited conditions, incurred in connection with claims, suits or proceedings arising out of his or her performance of his or her duties as a director, senior manager or member of our audit commission.

We have obtained insurance on behalf of our senior managers, directors and members of our audit commission for liability arising out of their actions in their capacity as a senior manager, director or member of our audit commission.

We do not have any pension, retirement or similar benefit plans available to our directors, senior managers or audit commission members.

As of December 31, 2010, none of our directors or senior managers beneficially owned more than 1.0% of any class of our capital stock.

C. Board Practices

The supreme governing body of our company is the General Meeting of Shareholders which is empowered to decide on the issues expressly set forth in the Russian Federal Law on Joint Stock Companies and our charter, including election of the board of directors.

Our board of directors currently consists of five persons. The members of our current board of directors were elected by the decision of a sole shareholder (VimpelCom Ltd.) for the period starting from October 12, 2010, and will serve until the next annual general meeting of shareholders unless the board in its entirety is terminated prior to

the expiration of its term upon a decision of our shareholders. We have not entered into any service contracts with any of our current directors providing for benefits upon termination of service.

We are required under Russian law and our charter to maintain an audit commission. Our audit commission assists our company with oversight responsibility and reviews our financial reports, our systems of internal controls and our auditing, accounting and financial reporting processes. Under Russian law and our charter, a member of our audit commission may not simultaneously serve as a member of our board of directors or hold a management position in our company. Under our Charter, the number of members of the audit commission shall be determined by the decision of the general meeting of shareholders. On December 7, 2010, the shareholders determined that the audit commission should consist of one person. The current member of our audit commission was elected at the December 7, 2010 general meeting of our shareholders and is expected to serve until our next annual general meeting of shareholders.

Our management committee, which is chaired by our General Director, is an advisory body that assists the General Director with the management of our day-to-day activities. The management committee comprises certain key members of our senior management. Recommendations of the management committee remain subject to the approval or veto of our General Director.

D. Employees

As of September 30, 2010, VimpelCom had approximately 38,508 employees in Russia, the CIS and International. Of VimpelCom's 28,839 employees in Russia (including CIS and International headquarters, which is located in Moscow), we estimate that 103 are in executive and senior managerial positions, 10,876 are in engineering, construction and information technology, 6,549 are in sales, marketing and other commercial operations, 2,143 are in finance, administration and legal, 5,991 are in customer service, 491 are in site acquisitions, regional projects and security, 1,634 are in procurement and logistics and 1,052 in other support functions.

As of September 30, 2010, VimpelCom had approximately 7,312 employees in Kazakhstan. Of these employees, we estimate that 8 are in executive and managerial position, 615 are in engineering, construction and information technology, 534 are in sales, marketing and other commercial operations, 185 are in finance, administration and legal, 321 are in customer service, 21 are in site acquisitions, regional projects and security, 49 are in procurement and 45 are in other support functions.

In addition, as of September 30, 2010, we had a total of approximately 7,312 employees in Uzbekistan, Ukraine, Armenia, Tajikistan, Georgia and Cambodia.

The following chart sets forth the number of our employees at September 30, 2010 and at December 31, 2009, 2008 and 2007:

		At December 31,		
	At September 30, 2010	2009	2008	2007
Russia	28,839	27,165	28,146	14,587
Kazakhstan	1,778	1,786	2,042	1,544
Uzbekistan	1,224	1,277	1,425	875
Armenia	3,178	3,243	3,519	4,484
Ukraine	1,915	2,005	2,667	1,288
Tajikistan	370	357	346	239
Georgia	285	262	234	167
Kyrgyzstan	579			
Cambodia	340	260	24	—
Total	**38,508**	**36,355**	**38,403**	**23,184**

We have not experienced any work stoppages and consider relations with our employees to be good.

E. Share Ownership

Stock Option Plan

We maintain a stock option plan under which we historically granted options to certain of our and our subsidiaries' affiliates, officers, employees, directors and consultants to acquire shares of common stock of our company. In connection with the completion of the VimpelCom Ltd. Transaction, as of April 21, 2010, options granted under our 2000 stock option plan, as amended, allow grantees to acquire shares of VimpelCom Ltd. common stock upon exercise of the options. Options are granted by VC ESOP N.V., an indirect wholly owned subsidiary of our company. Our stock option plan is administered by a committee appointed by the board of directors of VC ESOP N.V., which committee determines to whom options are granted under the plan, the number of options that are granted and the terms and conditions of option grants, including the exercise price per share. The committee appointed to administer our stock option plan is currently comprised of the three directors who currently sit on the compensation committee of the board of directors of VimpelCom Ltd.

On April 21, 2010, VimpelCom Ltd. adopted the VimpelCom 2010 stock option plan, under which certain of our and our subsidiaries' affiliates, officers, employees, directors and consultants are eligible for grants of options to acquire shares of VimpelCom Ltd. common stock. Options under the VimpelCom 2010 stock option plan may be granted by VimpelCom Ltd. or its affiliate.

As of September 30, 2010, options to acquire approximately 6,189,240 shares of VimpelCom Ltd.'s common stock were outstanding under the stock option plan, as amended, of which options in respect of approximately 4,378,519 shares of VimpelCom Ltd.'s common stock are currently exercisable or are exercisable within 60 days of December 31, 2010. The exercise prices of the approximately 6,189,240 VimpelCom Ltd. common shares underlying options outstanding as of September 30, 2010, ranged from US$8.85 per share to US$27.04 per share. The options granted generally vest at varying rates over a two or three year period and vesting periods for certain employees will be accelerated if certain events specified in the stock option plan occur. The approximately 6,189,240 shares underlying options outstanding as of September 30, 2010 are exercisable until dates ranging from the present date to January 2015. If a plan participant ceases to be an employee of our company or any of our affiliates (other than due to death or disability or for cause) or ceases to otherwise be eligible to participate in the plan, the individual will generally have the right to exercise vested options upon the later to occur of (a) the date of expiration of his option agreement and (b) the end of the first open trading window period following the effective date of termination of employment. In case of death or permanent disability of a plan participant, his or her beneficiaries will automatically acquire the right to exercise those options that have vested prior to the plan participant's death or permanent disability for the earlier of (i) 190 days and 90 days in the event of death and permanent disability, respectively, and (ii) December 31, 2020. If a plan participant ceases to be an employee of our company or any of our affiliates for cause, then the right to exercise options will terminate immediately unless waived by the stock option committee discussed above.

MAJOR SHAREHOLDERS

VimpelCom is a wholly owned subsidiary of VimpelCom Ltd., which owns 100.0% of our issued and outstanding shares of common and preferred stock. The following table sets forth information with respect to the beneficial ownership of VimpelCom Ltd. as of January 1, 2011 by each person who is known by us to beneficially own 5.0% or more of the common or preferred stock of VimpelCom Ltd.

Shareholder	Number of VimpelCom Ltd. Common Shares	Percent of VimpelCom Ltd. Common Stock	Number of VimpelCom Ltd. Preferred Shares	Percent of VimpelCom Ltd. Voting Stock
Telenor East Holding II AS[(1)]	515,578,840	39.6%	—	36.0%
Altimo Coöperatief U.A.[(2)]	510,461,800	39.2%	128,532,000	44.7%

(1) As reported on Schedule 13D, Amendment No. 3, filed on December 21, 2010, by Telenor ASA with the SEC. As reported on Amendment No. 3, on December 20, 2010, Telenor East Invest AS and Telenor Mobile Communications AS each transferred all of their common stock of VimpelCom Ltd. to Telenor East Holding II AS. Telenor East Holding II AS is the direct registered holder of 515,578,840 shares of VimpelCom Ltd. and Telenor ASA may be deemed to be the beneficial owner of, and have the sole power to direct the voting and disposition of, the 515,578,840 shares of common stock of VimpelCom Ltd. held by Telenor East Holding II AS.

(2) As reported on Schedule 13D, Amendment No. 1, filed on June 1, 2010, by Eco Telecom Limited, part of the Alfa Group Consortium, with the SEC. As reported on Amendment No. 1, Eco Telecom Limited transferred all of its shares of common and preferred stock of VimpelCom Ltd. to Altimo Coöperatief U.A. ("Altimo Coop") on May 17, 2010. Also as reported on Amendment No. 1, Altimo Coop, Altimo Holdings and Investments Limited, CTF Holdings Limited and Crown Finance Foundation are part of a group of affiliated entities referred to as the Alfa Group Consortium, and each may be deemed to be the beneficial owner of the shares held for the account of Altimo Coop.

Please see the section of this prospectus entitled "Risk Factors—Risks Related to Our Business—A disposition by one or both of our strategic shareholders of their respective stakes in VimpelCom Ltd. or a change in control of VimpelCom Ltd. could harm our business."

As reported on Schedule 13D, Amendment No. 53, filed on April 23, 2010, by Telenor East Invest AS with the SEC, prior to April 21, 2010, Telenor ASA beneficially owned 33.6% of our outstanding common stock and 36.0% of our outstanding voting stock. According to Amendment No. 53, on April 21, 2010, Telenor East Invest AS completed the exchange of all of its VimpelCom shares (comprising 17,254,579 VimpelCom common shares, of which 1,916,725 shares were represented by VimpelCom ADSs) for 345,091,580 VimpelCom Ltd. common ADRs (each representing one share of VimpelCom Ltd. common stock) pursuant to the terms and conditions of the VimpelCom Ltd. Exchange Offers that were part of the VimpelCom Ltd. Transaction, as described in this prospectus in the section entitled "Business—Information on the Company—History and Development." As of that date, Telenor ASA ceased to beneficially own any shares of common or preferred stock of our company. In addition, as reported on Schedule 13D, filed on May 4, 2010, by Telenor ASA with the SEC, on April 21, 2010, immediately upon completion of the VimpelCom Ltd. Exchange Offers and pursuant to a series of transactions under the terms of the Share Exchange Agreement, certain wholly owned subsidiaries of Telenor ASA received an additional 170,487,260 common shares of VimpelCom Ltd. in exchange for their shares in Kyivstar. As a result, as reported on Schedule 13D, Amendment No. 1, filed on June 11, 2010, by Telenor ASA with the SEC, Telenor ASA may be deemed to be the beneficial owner of 39.6% of VimpelCom Ltd.'s outstanding common stock and 36.0% of VimpelCom Ltd.'s outstanding voting stock.

As reported on Schedule 13D, Amendment No. 44, filed on April 28, 2010, by Eco Telecom Limited with the SEC, prior to April 21, 2010, Eco Telecom Limited held 37.0% and 100.0% of our outstanding common stock and preferred stock, respectively, and 44.0% of our outstanding voting stock, and Altimo Holdings and Investments Limited, CTF Holdings Limited and Crown Finance Foundation (all part of the Alfa Group Consortium) were deemed to be the beneficial owners of the shares of our common and preferred stock held for the account of Eco Telecom Limited. According to Amendment No. 44, on April 21, 2010, Eco Telecom Limited completed the exchange of all of its VimpelCom shares (comprising 18,964,799 VimpelCom common shares and 6,426,600 VimpelCom preferred shares) in exchange for 379,295,980 VimpelCom Ltd. common ADRs (each representing one share of VimpelCom Ltd. common stock) and 128,532,000 VimpelCom Ltd. preferred ADRs (each representing one share of VimpelCom Ltd. preferred stock) pursuant to the terms and conditions of the VimpelCom Ltd. Exchange Offers that were part of the VimpelCom Ltd. Transaction. In addition, as reported

on Schedule 13D, filed on April 30, 2010, by Eco Telecom Limited with the SEC, on April 21, 2010, immediately upon completion of the VimpelCom Ltd. Exchange Offers and pursuant to a series of transactions under the terms of the Share Exchange Agreement, Altimo Coop received 131,152,700 common shares of VimpelCom Ltd. in exchange for shares in Kyivstar held by other members of the Alfa Group Consortium. As a result of these transfers and other transfers within the Alfa Group Consortium, as reported on Schedule 13D, Amendment No. 1, filed on June 1, 2010, by Eco Telecom Limited with the SEC, Eco Telecom Limited no longer has any beneficial ownership in VimpelCom Ltd. securities, and Altimo Coop is the direct beneficial owner of 39.2% of VimpelCom Ltd.'s outstanding common stock and 100.0% of VimpelCom Ltd.'s outstanding preferred stock, together representing 44.7% of VimpelCom Ltd.'s outstanding voting stock.

If the Weather Transaction were to close, VimpelCom Ltd. would issue to the shareholders of Wind Telecom common and convertible preferred shares of VimpelCom Ltd. representing approximately a 20.0% economic interest and a 30.6% voting interest in the enlarged VimpelCom Ltd. group. Upon issuance of the new VimpelCom Ltd. common and convertible preferred shares, Telenor East Holding II AS and Altimo Cooperatief U.A. will hold approximately 31.7% and 31.4% of the economic rights and 25.0% and 31.0% of the voting rights, respectively, of VimpelCom Ltd. Minority shareholders in VimpelCom Ltd. will represent approximately 17.0% of the economic rights and 13.4% of the voting rights.

CERTAIN TRANSACTIONS

Agreements with VimpelCom Ltd.

On May 25, 2010, following the completion of the VimpelCom Ltd. Exchange Offers, VimpelCom Ltd. commenced a mandatory squeeze out procedure to acquire the remaining shares of our company (including shares represented by ADSs) that it did not acquire in the VimpelCom Ltd. Exchange Offers. To finance the payment of the squeeze out purchase price, on July 9, 2010 VimpelCom Ltd. signed a one year bridge facility agreement with Barclays, BNP Paribas, Citi and The Royal Bank of Scotland plc in the amount of US$470.0 million, referred to in this prospectus as the Squeeze Out Loan Agreement. Our company guaranteed all of VimpelCom Ltd.'s obligations under the Squeeze Out Loan Agreement pursuant to a guarantee dated August 23, 2010.

On October 8, 2010, VimpelCom Ltd. prepaid the full outstanding balance, including accrued interest, under the Squeeze Out Loan Agreement. The prepayment was funded in part by a sixty year loan from VimpelCom Finance B.V. in the amount of US$467.5 million. For more information on the Squeeze Out Loan and the loan between VimpelCom Ltd. and VimpelCom Finance B.V., please see the section of this prospectus entitled "Management Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing Activities—2010" and note 10 to our unaudited interim consolidated financial statements.

On November 23, 2010, our subsidiary URS and our affiliate Kyivstar entered into a financial support agreement pursuant to which Kyivstar made a one-year, interest-free loan to URS in the amount of Ukrainian hryvnia 4,000.0 million (equivalent to approximately US$500.0 million). URS borrowed the money to repay an outstanding loan from our company and we used the proceeds to fund payment of a dividend to our shareholders, VimpelCom Ltd. and VimpelCom Holdings B.V.

Our company intends to enter into a general services agreement with our parent company, VimpelCom Ltd., pursuant to which VimpelCom Ltd. will provide us with services, and we will provide VimpelCom Ltd. with services, relating to the conduct of each of our respective businesses. Such services will include, but not be limited to, general management, legal, regulatory, treasury, reporting, procurement strategy and implementation of special projects. As of the date of this prospectus, the general services agreement has not been executed.

Certain Agreements with Alfa Group and Telenor

Shareholders Agreement

On May 30, 2001, our company, Alfa-Group and Telenor entered into a Shareholders Agreement. The Agreement was terminated on July 20, 2010.

Non-disclosure Agreement

On September 23, 2009, our company, Alfa Group and Telenor entered into a mutual non-disclosure agreement (the "Non-disclosure Agreement") in connection with the transactions relating to the combination of our company and Kyivstar under VimpelCom Ltd. (the "VimpelCom Ltd. Transaction"). The term of the Non-disclosure Agreement originally terminated on October 4, 2009, the date Alfa Group and Telenor signed definitive documentation in connection with the VimpelCom Ltd. Transaction. In letter agreements dated December 1, 2009 between our company and each of Alfa Group and Telenor, the rights and obligations under the Non-disclosure Agreement were extended from and including October 4, 2009 until December 31, 2010, and all confidential information disclosed among the parties at any time since September 23, 2009 will be treated as confidential in accordance with the Non-disclosure Agreement. For additional information relating to the VimpelCom Ltd. Transaction, see the section of this prospectus entitled "Our Company—History and Development."

Registration Rights

Alfa Group, Telenor and our company entered into a registration rights agreement on May 30, 2001, which provided Alfa Group and Telenor with demand and piggyback registration rights with respect to our ADSs and shares of our common stock. Pursuant to the terms of the agreement, the rights and obligations of Alfa Group and Telenor, respectively, under the registration rights agreement, other than indemnification rights and obligations, terminated on July 20, 2010.

Agreements with Telenor

Since September 2005, we have been a party to a general services agreement with Telenor, under which Telenor renders to us or our affiliates services related to telecommunication operations, including management advisory services, training, technical assistance and network maintenance, industry information research and consulting, implementation support for special projects and other services as mutually agreed by Telenor and our company. We pay Telenor an annual fee of US$0.5 million for the services. In addition, in the event that Telenor's personnel participate in any long-term engagements (defined as engagements lasting longer than five days) we must pay to Telenor an additional service fee equal to the U.S. dollar equivalent of 8,000 Norwegian kroner per person for each day of work performed on the engagement. In 2009 and the first nine months of 2010, we paid Telenor approximately US$0.6 million and US$0.4 million, respectively, under this agreement. This agreement expired on December 1, 2010.

Agreements with Alfa Group

Service Obligation Agreement

In July 2006, we entered into a service obligation agreement with a subsidiary of Alfa Group that requires Alfa Group to provide us with services related to telecommunications operations, including management advisory services, technical assistance and maintenance of network systems and equipment, industry information research and consulting, training of personnel, support of implementation of certain projects, assignment of qualified personnel and other services. The annual fee for the services is the equivalent of US$0.5 million (paid in Russian rubles at a fixed exchange rate of 31.0 Russian rubles per U.S. dollar). The agreement specifies the rights and obligations of the parties to any intellectual property developed in connection with the agreement. In addition, in the event that Alfa Group's personnel participate in any long-term engagements (defined as engagements lasting longer than five days) we must pay to Alfa Group an additional service fee equal to the U.S. dollar equivalent of 27,000 Russian rubles per person for each day of work performed on the engagement. In 2009 and the first nine months of 2010, we paid Alfa Group approximately US$1.8 million and US$1.7 million, respectively, under this agreement. This agreement expired on December 1, 2010.

Alfa Bank

We maintain some of our bank accounts at Alfa Bank, which is part of the Alfa Group. From time to time, we also place time deposits with Alfa Bank. Under the terms of our board of directors' approval, there is a US$200.0 million limit on the amount of our deposits and cash balances that may be held at Alfa Bank. As of September 30, 2010, we had balances at Alfa Bank of approximately US$36.9 million in current accounts.

VimpelCom currently has an agreement with Alfa Bank that allows it to send SMSs to our subscribers who also are clients of Alfa Bank. Alfa Bank and other entities within the Alfa Group are corporate clients of our company.

In addition, we currently have an agreement with Alfa Bank, which will allow VimpelCom subscribers to recharge online their VimpelCom accounts using their bank card. This product has not yet been launched and no amounts have been paid to Alfa Bank under this agreement. This agreement expires in March 2011.

Alfa Strakhovaniye

Since February 2007, property and equipment and certain construction risks of VimpelCom and some of our subsidiaries have been covered by an insurance policy from Alfa Strakhovaniye, an Alfa Group subsidiary. Approximately 60.0% of the coverage has been reinsured by Alfa Strakhovaniye with a third party.

In February 2009, we entered into an agreement with AlfaStrakhovanie PLC for provision of travel insurance to our employees in the amount of up to 16.0 million Russian rubles. In March 2009, we entered into a collective insurance agreement with Alfa Strakhovaniye-Life for life insurance in the amount of up to approximately 4.1 million Russian rubles (VAT is not imposed) for the period from January 1, 2009 until December 31, 2010. The company is currently in the process of extending these agreements.

Agreements with Firma Kurier

We purchased bill delivery services from our affiliate Firma Kurier in the amount of US$2.1 million and US$1.6 million in 2009 and the first nine months of 2010, respectively.

Agreements with CSI Loyalty Partners Limited

CSI Loyalty Partners provides subscriber loyalty programs to our company, and we paid commissions to CSI Loyalty Partners for these services in the amount of approximately US$6.6 million and US$4.8 million in 2009 and in the first nine months of 2010, respectively.

Agreements with ZAO Rascom

We provided our affiliate ZAO Rascom fixed telecommunication services and maintenance and support services in the amount of approximately US$1.0 million and US$0.8 million in 2009 and in the first nine months of 2010, respectively. Additionally, in 2009 and the first nine months of 2010, we rented domestic and international channels from ZAO Rascom and paid US$6.2 million and US$0.005 million, respectively, for these rentals.

Agreements with Euroset

VimpelCom has contracts with Euroset, which became an affiliate in October 2008, for services for acquisition of new subscribers and receipt of subscriber's payments. In total, we paid to Euroset dealer commissions in the amount of approximately US$146.8 million and US$149.6 million in 2009 and in the first nine months of 2010, respectively, and a bonus for sales plan performance in the amount of approximately US$12.3 million in 2009 and none in the first nine months of 2010.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the A Notes and the B Notes which will be endorsed on each Note Certificate in definitive form (if issued). Unless otherwise indicated, the text will be the same for the A Notes and the B Notes.

The following paragraph applies in respect of the A Notes:

The US$500,000,000 6.493 per cent. Loan Participation Notes due 2016 (the "**Notes**", which expression shall in these terms and conditions (the "**Conditions**"), unless the context otherwise requires, include any further notes issued pursuant to Condition 13 (Further Issues) and forming a single series therewith) of VIP Finance Ireland Limited (the "**Issuer**") are constituted by, are subject to and have the benefit of, a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about February 2, 2011 between the Issuer, the Agents (as defined below) and BNY Corporate Trustee Services Limited as trustee (the "**Trustee**", which expression includes all persons from time to time appointed trustee or trustees under the Trust Deed). The Issuer has authorised the creation, issue and sale of the Notes for the sole purpose of financing the US$500,000,000 loan (the "**Loan**") to Open Joint Stock Company "Vimpel-Communications" (the "**Borrower**"). The Issuer and the Borrower have recorded the terms of the Loan in an agreement (as amended or supplemented from time to time, the "**Loan Agreement**") to be dated on or about January 28, 2011 between the Issuer and the Borrower.

The following paragraph applies in respect of the B Notes:

The US$1,000,000,000 7.748 per cent. Loan Participation Notes due 2021 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 13 (*Further Issues*) and forming a single series therewith) of VIP Finance Ireland Limited (the "**Issuer**") are constituted by, are subject to and have the benefit of, a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about February 2, 2011 between the Issuer, the Agents (as defined below) and BNY Corporate Trustee Services Limited as trustee (the "**Trustee**", which expression includes all persons from time to time appointed trustee or trustees under the Trust Deed). The Issuer has authorised the creation, issue and sale of the Notes for the sole purpose of financing the US$1,000,000,000 loan (the "**Loan**") to Open Joint Stock Company "Vimpel-Communications" (the **"Borrower**"). The Issuer and the Borrower have recorded the terms of the Loan in an agreement (as amended or supplemented from time to time, the "**Loan Agreement**") to be dated on or about January 28, 2011 between the Issuer and the Borrower.

In each case where amounts of principal, premium, if any, interest and additional amounts, if any, due pursuant to Condition 7 (*Taxation*) are stated herein or in the Trust Deed to be payable in respect of the Notes, the obligation of the Issuer to make any such payment shall constitute an obligation only to account to the Noteholders (as defined in Condition 2(a)) on each date upon which such amounts of principal, premium, if any, interest and additional amounts, if any, are due in respect of the Notes, for an amount equivalent to sums of principal, premium, if any, interest and additional amounts, if any, actually received and retained by or for the account of the Issuer pursuant to the Loan Agreement less any amount in respect of the Reserved Rights (as defined below). Noteholders must therefore rely solely and exclusively upon the covenant to pay under the Loan Agreement and the credit and financial standing of the Borrower. Noteholders shall have no recourse (direct or indirect) to any other assets of the Issuer.

The Issuer (as lender) has:

(A) charged by way of security to the Trustee (i) its rights to principal, premium, if any, interest and other amounts paid and payable under the Loan Agreement and (ii) its right to receive amounts paid and payable under any claim, award or judgment relating to the Loan Agreement (in each case other than its right to amounts in respect of any rights, interests and benefits in respect of the Issuer under the following clauses of the Loan Agreement: Clause 7.4 second sentence thereof (*Costs of Prepayment*), Clause 8.3(a) (*Tax Indemnity*), Clause 10 (*Changes in Circumstances*). Clause 11 (*Representations and Warranties of the Borrower*), the second paragraph of Clause 16.4 (*Borrower's Indemnity*), Clause 20 (*Costs and Expenses*), (to the extent it relates to the afs indemnity) Clause 21.3 (*Assignments by the Lender*), (to the extent that the Issuer's claim is in respect of one of the aforementioned clauses of the Loan Agreement) Clause 8.2 (*Payments*) and Clause 18.2 (*Currency Indemnity*) (such rights referred to herein, the "**Reserved Rights**"));

(B) charged by way of security to the Trustee sums held on deposit from time to time, in an account in London in the name of the Issuer with The Bank of New York Mellon, together with the debt represented thereby (other than interest from time to time earned thereon and the Reserved Rights) (the "Account") pursuant to the Trust Deed; and

(C) transferred its administrative rights under the Loan Agreement (save for those rights charged or excluded in (A) and (B) above) to the Trustee (the "**Loan Administration Transfer**"),

together, the "**Security Interests**".

In certain circumstances, the Trustee can (subject to it being indemnified and/or secured to its satisfaction) be required by Noteholders holding at least one quarter of the principal amount of the Notes outstanding or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders to exercise certain of its powers under the Trust Deed (including those arising in connection with the Security Interests).

The Notes are the subject of an agency agreement dated February 2, 2011 (as amended or supplemented from time to time, the "**Agency Agreement**") among the Issuer, The Bank of New York Mellon (Luxembourg) S.A., at its specified office in Luxembourg, as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon at its specified office in London, as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), The Bank of New York Mellon (Luxembourg) S.A., at its specified office in Luxembourg, and The Bank of New York Mellon, New York Branch at its specified office in New York, each as transfer agent (each a "Transfer Agent" and together the "**Transfer Agents**", which expression includes any additional or successor transfer agent appointed from time to time in connection with the Notes) and each as paying agent (each a "**Paying Agent**" and together the "**Paying Agents**", which expressions include any additional or successor paying agent appointed from time to time in connection with the Notes) and the Trustee. References herein to the "**Agents**" are to the Registrar, any Transfer Agent, the Principal Paying Agent and any Paying Agent and any reference to an "Agent" is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Issuer, being at the date hereof 5 Harbourmaster Place, IFSC, Dublin 1, the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL and at the Specified Offices (as defined in the Agency Agreement) of the Registrar, the Principal Paying Agent, any Transfer Agent and any Paying Agent. The initial Specified Offices of the initial Agents are set out below.

1. Form, Denomination and Status

(a) *Form and denomination:* The Notes are in registered form in minimum denominations in aggregate principal amount of US$200,000 each and integral multiples of US$1,000 in excess thereof, without coupons attached.

(b) *Status:* The sole purpose of the issue of the Notes is to provide the funds for the Issuer to finance the Loan. The Notes constitute the obligation of the Issuer to apply an amount equal to the gross proceeds from the issue of the Notes for financing the Loan and to account to the Noteholders for an amount equivalent to sums of principal, premium, if any, interest. Additional Amounts (as defined in the Loan Agreement) and Tax Indemnity Amounts (as defined in the Loan Agreement), if any, actually received and retained by or for the account of the Issuer pursuant to the Loan Agreement (less any amounts in respect of the Reserved Rights). The right of the Issuer to receive such amounts is being charged by way of security to the Trustee as security for the Issuer's payment obligations under the Trust Deed and the Notes.

(c) Payments in respect of the Notes equivalent to the sums actually received and retained by or for the account of the Issuer by way of principal, premium, if any, interest, Additional Amounts or Tax Indemnity Amounts, if any, pursuant to the Loan Agreement (less any amounts in respect of the Reserved Rights) will be made *pro rata* among all Noteholders (subject to Condition 7 (*Taxation*)), on the corresponding payment dates (as provided in the Loan Agreement) of, and in the currency of, and subject to the conditions attaching to, the equivalent payment in accordance with the Loan Agreement. The Issuer shall not be liable to make any payment in respect of the Notes other than as expressly provided herein. The Issuer shall be under no

obligation to exercise in favour of the Noteholders any rights of set-off or of banker's lien or to combine accounts or counterclaim that may arise out of other transactions between the Issuer and the Borrower.

Noteholders are deemed to have accepted that:

(i) neither the Issuer nor the Trustee makes any representation or warranty in respect of, and shall at no time have any responsibility for, or liability or obligation in respect of the performance and observance by the Borrower of its obligations under the Loan Agreement or the recoverability of any sum of principal, premium, if any, interest, Additional Amounts or Tax Indemnity Amounts, if any, due or to become due from the Borrower under the Loan Agreement;

(ii) neither the Issuer nor the Trustee shall at any time have any responsibility for, or obligation or liability in respect of, the condition (financial, operational or otherwise), creditworthiness, affairs, status, nature or prospects of the Borrower;

(iii) neither the Issuer nor the Trustee shall at any time have any responsibility for, or obligation or liability in respect of, any misrepresentation or breach of warranty or any act, default or omission of the Borrower under or in respect of the Loan Agreement;

(iv) neither the Issuer nor the Trustee shall at any time have any responsibility for, or liability or obligation in respect of, the performance and observance by the Registrar, the Principal Paying Agent, any Transfer Agent or any Paying Agent of their respective obligations under the Agency Agreement;

(v) the financial servicing and performance of the terms of the Notes depend solely and exclusively upon performance by the Borrower of its obligations under the Loan Agreement, its covenant to pay under the Loan Agreement and its credit and financial standing. The Borrower has represented and warranted to the Issuer in the Loan Agreement that, subject to certain qualifications set forth in Clause 11.2 (*Authorisation*) of the Loan Agreement, the Loan Agreement constitutes a legal, valid and binding obligation of the Borrower. The representations and warranties given by the Borrower in Clause 11 (*Representations and Warranties of the Borrower*) of the Loan Agreement are given by the Borrower to the Issuer for the sole benefit of the Issuer and neither the Trustee nor any Noteholder shall have any remedies or rights against the Borrower that the Issuer may have with respect to such representations or warranties;

(vi) the Issuer (and, pursuant to the Loan Administration Transfer, the Trustee) will rely on self-certification by the Borrower and certification by third parties as a means of monitoring whether the Borrower is complying with its obligations under the Loan Agreement and shall not otherwise be responsible for investigating any aspect of the Borrower's performance in relation thereto and, subject as further provided in the Trust Deed, the Trustee will not be liable for any failure to make the usual or any investigations which might be made by a security holder in relation to the property which is the subject of the Security Interests and held by way of security for the Notes, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Issuer to the secured property, whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the security created by the Security Interests whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such security and the Trustee will have no responsibility for the value of such security; and

(vii) the Issuer will not be liable for any withholding or deduction or for any payment on account of Taxes (as defined in the Loan Agreement) required to be made by the Issuer on or in relation to any sum received by it under the Loan Agreement which will or may affect payments made or to be made by the Borrower under the Loan Agreement save to the extent that it has received and retained Additional Amounts or Tax Indemnity Amounts under the Loan Agreement in respect of such withholding or deduction or for any payment of Taxes (as defined in the Loan Agreement) the Issuer shall, furthermore, not be obliged to take any actions or measures as regards such deductions or withholdings other than those set out in this context in Clause 8 (*Taxes*) and Clause 10.4 (*Mitigation*) of the Loan Agreement.

Save as otherwise expressly provided herein and in the Trust Deed, no proprietary or other direct interest in the Issuer's rights under or in respect of the Loan Agreement or the Loan exists for the benefit of the Noteholders.

Subject to the terms of the Trust Deed, no Noteholder will have any entitlement to enforce any of the provisions in the Loan Agreement or have direct recourse to the Borrower except through action by the Trustee under the Security Interests. Neither the Issuer nor the Trustee pursuant to the Loan Administration Transfer shall be required to take proceedings to enforce payment under the Loan Agreement unless it has been indemnified and/or secured by the Noteholders to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

As provided in the Trust Deed, the obligations of the Issuer are solely to make payments of amounts in aggregate equivalent to each sum actually received and retained by or for the account of the Issuer from the Borrower in respect of principal, premium, if any, interest, Additional Amounts or Tax Indemnity Amounts, if any, as the case may be, pursuant to the Loan Agreement (less any amount in respect of the Reserved Rights), the right to which is being charged by way of security to the Trustee as aforesaid. Noteholders must therefore rely solely and exclusively upon the covenant to pay under the Loan Agreement and the credit and financial standing of the Borrower.

The obligations of the Issuer to make payments as stated in the previous paragraph constitute secured obligations of the Issuer which will at all times rank *pari passu* among themselves.

Payments made by the Borrower under the Loan Agreement to, or to the order of, the Trustee or (before such time that the Issuer has been required by the Trustee, pursuant to the terms of the Trust Deed, to pay to or to the order of the Trustee) the Principal Paying Agent will satisfy *pro tanto* the obligations of the Issuer in respect of the Notes.

Notwithstanding any other provisions of these Terms and Conditions and the provisions of the Trust Deed, the Trustee and the Noteholders shall have recourse only to the property subject to the Security Interests in accordance with the Trust Deed. After realization of all the security interests comprising the Security Interests which have become enforceable and distribution of proceeds in accordance with the Trust Deed, the obligations of the Issuer with respect to the Trustee and the Noteholders in respect of the Notes shall be satisfied and none of the foregoing parties may take any further steps against the Issuer to recover any further sums in respect thereof, and the right to receive any such sums shall be extinguished.

None of the Trustee, the Noteholders or the other creditors (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, administration, moratorium, reorganisation, controlled management, arrangement, insolvency, examinership, winding-up or liquidation proceedings or similar insolvency proceedings under any applicable bankruptcy or similar law in connection with any obligation of the Issuer relating to the Notes or otherwise owed to the creditors, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer or, for the avoidance of doubt, other than to enforce the Security Interests under the Trust Deed.

No Noteholder shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenants or agreement entered into or made by the Issuer in respect of the Notes, except to the extent that any such person acts in bad faith or is negligent in the context of its obligations.

2. Register, Title and Transfers

(a) *Register:* The Registrar will maintain outside the United Kingdom a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title:* The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

(c) *Transfers:* Subject to Conditions 2(f) and (g) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed (including any certificates as to

compliance with restrictions on transfer included therein), at the Specified Office of the Registrar or a Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a Note Certificate in respect of the balance of the Notes will be issued to the transferor in accordance with Condition 2(d) below provided that no Notes will be issued in minimum denominations in aggregate principal amount of less than US$200,000.

(d) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with Condition 2(c) above, the Registrar will register the transfer in question and deliver a Note Certificate of a like principal amount to the Note(s) transferred to the relevant Holder at the Registrar's Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "business day" means a day on which commercial Issuers are open for business (including dealings in foreign currencies) in the city where the Registrar and (if applicable) the Transfer Agents have their respective Specified Offices. In the case of the transfer of part only of the Notes, a Note Certificate in respect of the balance of the Notes not transferred will be so delivered or (at the risk and, if mailed at the request of the transferor otherwise than by ordinary uninsured mail, at the expense of the transferor) sent by mail to the transferor.

(e) *No charge:* The transfer of a Note will be effected without charge by or on behalf of the Issuer or the Registrar, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods:* Noteholders may not require transfers to be registered during the period beginning at close of business on the business day prior to the due date and ending on the due date for any payment of principal, at maturity or otherwise, premium, if any, or interest in respect of the Notes.

(g) *Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee, the Registrar and the Borrower. A copy of the current regulations will be mailed (free of charge) by the Registrar and/or any Transfer Agent to any Noteholder who requests in writing a copy of such regulations and will be available at the office of the Registrar in Luxembourg and the Transfer Agent in New York City.

3. Issuer's Covenant

As provided in the Trust Deed, so long as any of the Notes remain outstanding (as defined in the Trust Deed), the Issuer will not, without the prior written consent of the Trustee or an Extraordinary Resolution (as defined in the Trust Deed) or Written Resolution (as defined in the Trust Deed), agree to any amendments to or any modification or waiver of, or authorize any breach or proposed breach of, the terms of the Loan Agreement and will act at all times in accordance with any instructions of the Trustee from time to time with respect to the Loan Agreement, except as otherwise expressly provided in the Trust Deed and the Loan Agreement. Any such amendment, modification, waiver or authorization made with the consent of the Trustee shall be binding on the Noteholders and any such amendment or modification shall be notified by the Trustee to the Noteholders in accordance with Condition 14 (*Notices*).

4. Interest

(a) *Accrual of interest*:

The following sentence applies in respect of the A Notes:

The Notes bear interest from February 2, 2011 (the "**Issue Date**") at the rate of 6.493 per cent. per annum (the "**Interest Rate**") payable semi-annually in arrear on February 2 and August 2 in each year (each an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*).

The following sentence applies in respect of the B Notes:

The Notes bear interest from February 2 (the "**Issue Date**") at the rate of 7.748 per cent. per annum (the "**Interest Rate**") payable semi-annually in arrear on February 2 and August 2 in each year (each an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*).

Each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next (or first) Interest Payment Date is herein called an "**Interest Period**".

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation of the relevant Note Certificate, payment of principal is improperly withheld or refused, in which case interest will continue to accrue (before or after any judgment) from the due date for redemption to, but excluding, the date on which payment in full of the principal is made under the Notes.

The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Interest Rate to the principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). When interest is required to be calculated in respect of a period other than an Interest Period, it shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed.

(b) *Default Interest under the Loan Agreement:* In the event that, and to the extent that, the Issuer actually receives and retains any amounts in respect of interest on unpaid sums from the Borrower pursuant to Clause 16 (*Default Interest and Indemnity*) of the Loan Agreement, the Issuer shall account to the Noteholders for an amount equivalent to the amounts in respect of interest on unpaid sums actually so received and retained. Any payments made by the Issuer under this Condition 4(b) will be made on the next following business day (as defined in Condition 6(c)) after the day on which the Issuer receives such amounts from the Borrower and, save as provided in this Condition 4(b), all subject to and in accordance with Condition 6 (Payments).

5. Redemption and Purchase

(a) *Final redemption*:

The following sentence applies in respect of the A Notes:

Unless previously prepaid pursuant to Clause 7 (*Prepayment*) of the Loan Agreement or repaid in accordance with Clause 10.3 (*Illegality*) of the Loan Agreement, the Borrower will be required to repay the Loan on its due date as provided in the Loan Agreement and, subject to such repayment, all the Notes will be redeemed at their principal amount on February 2, 2016, subject as provided in Condition 6 (*Payments*).

The following sentence applies in respect of the B Notes:

Unless previously prepaid pursuant to Clause 7 (*Prepayment*) of the Loan Agreement or repaid in accordance with Clause 10.3 (*Illegality*) of the Loan Agreement, the Borrower will be required to repay the Loan on its due date as provided in the Loan Agreement and, subject to such repayment, all the Notes will be redeemed at their principal amount on February 2, 2021, subject as provided in Condition 6 (*Payments*).

(b) *Redemption by the Issuer:* The Notes shall be redeemed by the Issuer in whole, but not in part, at any time, on giving not less than 25 days' notice to the Noteholders (which notice shall be irrevocable and shall specify a date for redemption being the same date as that set forth in the notice of prepayment referred to in Condition 5(b)(i) or (ii) below) in accordance with Condition 14 (*Notices*) at the principal amount thereof, together with interest accrued and unpaid to (but excluding) the date fixed for redemption and any additional amounts in respect thereof pursuant to Condition 7 (*Taxation*), if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) the Issuer has received a notice of prepayment from the Borrower pursuant to Clause 7.1 (*Prepayment for Tax Reasons*) or Clause 7.2 (*Prepayment for Reasons of Increased Costs*) of the Loan Agreement; or

(ii) the Issuer has delivered a notice to the Borrower, the contents of which require the Borrower to repay the Loan, in accordance with the provisions of Clause 10.3 (*Illegality*) of the Loan Agreement.

The Issuer shall deliver to the Trustee a certificate signed by two officers of the Issuer stating that the Issuer is entitled to effect such redemption in accordance with this Condition 5(b). A copy of the Borrower's notice of prepayment or details of the circumstances contemplated by Clause 10.3 (*Illegality*) of the Loan Agreement and the date fixed for redemption shall be set forth in the notice.

The Trustee shall be entitled to accept any notice or certificate delivered by the Issuer in accordance with this Condition 5(b) as sufficient evidence of the satisfaction of the applicable circumstances in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice given by the Issuer to the Noteholders as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5, subject as provided in Condition 6 (*Payments*). No other redemption: Except where the Loan is accelerated pursuant to Clause 15.2 (*Rights of Lender upon occurrence of an Event of Default*) of the Loan Agreement, the Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 5(a) and 5(b).

(c) *Purchase:* The Issuer or the Borrower or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

(d) *Cancellation:* All Notes so redeemed or purchased by the Issuer shall be cancelled and all Notes purchased by the Borrower or any of its subsidiaries and surrendered to the Issuer pursuant to Clause 7.8 (*Purchase of Instruments Issued to the Agreed Funding Source*) of the Loan Agreement, together with an authorization addressed to the Registrar by the Borrower or such subsidiary, shall be cancelled. Upon any such cancellation by or on behalf of the Registrar, the principal amount of the Loan corresponding to the principal amount of such Notes surrendered for cancellation shall be extinguished as of the date of such cancellation, together with accrued interest (if any) thereon, and no further payment shall be made or required to be made by the Issuer in respect of such Notes.

(e) *Right to Compel Sale:* The Issuer may compel any beneficial owner of Notes initially sold pursuant to Rule 144A under the Securities Act to sell its interest in such Notes, or may sell such interest on behalf of such holder, if such holder of Notes is a U.S. person that is not both a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act) and a qualified purchaser (within the meaning of Section 2(a)(51) of the Investment Company Act).

6. Payments

(a) *Principal:* Payments of principal shall be made by dollar cheque or, upon application by a Holder of a Note to the Specified Office of the Principal Paying Agent not later than the close of business on the business day before the due date for any such payment, by transfer to a dollar account maintained by the payee, upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate(s) at the Specified Office of the Registrar in New York City and/or the Transfer Agent in Luxembourg.

(b) *Interest:* Payments of interest shall be made by dollar cheque or, upon application by a Holder of a Note to the Specified Office of the Principal Paying Agent not later than the close of business on the business day before the due date for any such payment, by transfer to a dollar account maintained by the payee, and (in the case of interest payable on redemption in whole) upon presentation for surrender of the relevant Note Certificate(s) at the Specified Office of the Registrar in New York City and/or the Transfer Agent in Luxembourg.

(c) *Payments on business days:* Where payment is to be made by transfer to a dollar account, payment instructions (for value the due date for payment, or, if the due date for payment is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by dollar cheque, the cheque will be mailed (i) (in the case of payments of principal, premium, if any, and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of the Registrar and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In this paragraph, "**business day**" means any day (other than a Saturday or Sunday) on which banks generally are open for business in Luxembourg, London and The City of New York and, in the case of surrender (or, in

the case of part payment only, endorsement) of a Note Certificate, the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(d) *Partial payments:* If the Principal Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(e) *Record date:* Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Specified Office of the Registrar on the business day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

(f) *Payment to the Account:* Save as the Trustee may otherwise direct at any time after the Charge (as defined in the Trust Deed) created pursuant to the Trust Deed becomes enforceable, the Issuer will pursuant to the provisions of Clause 7.1 of the Agency Agreement require the Borrower to make all payments of principal, premium, if any, and interest to be made pursuant to the Loan Agreement, less any amounts in respect of the Reserved Rights, to the Account.

(g) *Payment obligations limited:* The obligations of the Issuer to make payments under Conditions 5 and 6 shall constitute an obligation only to account to the Noteholders on such date upon which a payment is due in respect of the Notes, for an amount equivalent to sums of principal, premium, if any, interest, Additional Amounts or Tax Indemnity Amounts, if any. actually received by or for the account of the Issuer pursuant to the Loan Agreement less any amount in respect of the Reserved Rights.

7. Taxation

All payments of principal, premium, if any, and interest by or on behalf of the Issuer in respect of the Notes shall be made to, or for the account of, each Holder free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature ("**Taxes**") imposed or levied by Ireland or the Russian Federation or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall, subject as provided below, pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been made or required to be made. No such additional amounts shall be payable in respect of any Note:

(a) held by a Holder which is liable for such Taxes in respect of such Note by reason of its having some connection with Ireland or Russia other than the mere holding of such Note (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, Ireland); or

(b) for any Taxes, that are imposed or withheld by reason of the failure of the Holder of the Note to comply with a request of, or on behalf of, the Issuer addressed to the Holder to provide information concerning the nationality, residence or identity of such Holder or to make any declaration or similar claim or satisfy any information or reporting requirement, which is required or imposed by a statute, treaty, regulation, protocol, or administrative practice of Ireland as a precondition to exemption from all or part of such Taxes; or

(c) where (in the case of a payment of principal, premium, if any, or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after a Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days; or

(d) where such withholding or deduction is imposed or levied on a payment to an individual and is required to be made pursuant to European Union Council Directive 2003/48/EC (the "**European Union Directive**") or any other directive on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, the European Union Directive; or

(e) presented for payment by or on behalf of a Holder who would be able to avoid such withholding or deduction by presenting the relevant Note Certificate to another Paying Agent in a Member State of the European Union.

Notwithstanding the foregoing provisions, the Issuer shall only make payments of additional amounts to the Noteholders pursuant to this Condition 7 (Taxation) to the extent and at such time as it shall have actually received and retained an equivalent amount for such purposes from the Borrower under the Loan Agreement by way of Additional Amounts or Tax Indemnity Amounts or otherwise.

To the extent that the Issuer receives and retains a lesser sum, in respect of an additional amount from the Borrower for the account of the Noteholders, the Issuer shall account to each Noteholder entitled to receive such additional amount pursuant to this Condition 7 (Taxation) for an additional amount equivalent to a pro rata portion of such additional amount (if any) as is actually received and retained by, or for the account of, the Issuer pursuant to the provisions of the Loan Agreement on the date of, in the currency of, and subject to any conditions attaching to the payment of such additional amount to the Issuer.

In these Conditions, "**Relevant Date**" means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal, premium, or interest shall be deemed to include any additional amounts in respect of principal, premium, or interest (as the case may be) which may be payable under this Condition 7 or any undertaking given in addition to or in substitution of this Condition 7 pursuant to the Trust Deed or the Loan Agreement.

If the Issuer becomes subject at any time to any taxing jurisdiction other than Ireland, references in these Conditions to Ireland shall be construed as references to such other jurisdiction.

8. Prescription

Claims for principal, premium, if any, and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years, and claims for interest due other than on redemption shall become void unless made within five years, of the appropriate Relevant Date.

9. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or Registrar may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

10. Trustee and Agents

Under separate agreement between the Borrower and the Trustee, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and, under the Trust Deed, to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, the Borrower and any entity relating to the Issuer without accounting for any profit.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship

of agency or trust for or with any of the Noteholders. Under separate agreement between the Borrower and the Agents, the Agents are entitled to be indemnified and relieved from certain responsibility in certain circumstances.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or principal paying agent or additional or successor other paying agents and transfer agents; provided, however, that the Issuer shall, at all time maintain a registrar outside the United Kingdom. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

The Agency Agreement provides that the Issuer may at any time, with the prior written approval of the Trustee, appoint a successor Registrar or Principal Paying Agent and/or additional or successor Paying Agents or Transfer Agents provided that the Issuer maintains (i) a Principal Paying Agent; (ii) for so long as the Notes are listed and/or admitted to trading on any stock exchange, a Paying Agent as may be required by the rules and regulations of such stock exchange; (iii) a Registrar having a Specified Office outside the United Kingdom; and (iv) a Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Union Directive or any other directive regarding the taxation of savings or any law implementing or complying with, or introduced in order to conform to, the European Union Directive.

11. Meetings of Noteholders; Modification and Waiver; Substitution

(a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of the Loan Agreement or any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution (as defined in the Trust Deed). Such a meeting may be convened on no less than 14 days notice by the Trustee, the Borrower or the Issuer or by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more persons holding or representing more than one quarter of the aggregate principal amount of the outstanding Notes (and proposals at such meetings may only be sanctioned by one or more persons holding or representing more than half or one quarter, respectively, of the aggregate principal amount of the outstanding Notes); provided, however, that certain proposals ("**Reserved Matters**") (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution, to alter the governing law of the Conditions, the Trust Deed or the Loan Agreement or to change any date fixed for payment of principal or interest under the Loan Agreement, to alter the method of calculating the amount of any payment under the Loan Agreement or to change the currency of payment or events of default or substitution provisions under the Loan Agreement) may only be sanctioned by all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing and in accordance with the provisions of the Trust Deed notified, in accordance with Condition 14 (*Notices*), to all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution if signed by or on behalf of such Noteholders that would be entitled to pass such resolution as if such resolution had been proposed at a duly convened and quorate meeting of Noteholders at which such Noteholders were present or duly represented. Once duly signed, such a resolution in writing shall take effect as an Extraordinary Resolution so long as at least 14 days have elapsed following the date of notification of such resolution to the Noteholders in accordance with Condition 14 (*Notices*). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

Affiliated shareholders of the Borrower who are also Noteholders shall not, by virtue of their votes alone, be allowed to pass certain Extraordinary Resolutions.

(b) *Modification and waiver:* The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions, the Trust Deed or pursuant to the Loan Administration Transfer, the Loan Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders or which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders. authorise or waive any breach or proposed breach of the Notes or the Trust Deed by the Issuer or, pursuant to the Loan Administration Transfer, the Loan Agreement by the Borrower, or determine that any event which would or might otherwise give rise to a right of acceleration under the Loan Agreement shall not be treated as such (other than a proposed breach or breach relating to a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders in accordance with Condition 14 (Notices) as soon as practicable thereafter.

(c) *Substitution:* The Trust Deed contains provisions under which the Issuer may, without the consent of the Noteholders, transfer the obligations of the Issuer as principal debtor under the Trust Deed and the Notes to a third party provided that certain conditions specified in the Trust Deed are fulfilled. Following the merger or consolidation by the Borrower with or into a third party. the Loan Agreement contains provisions under which the Borrower may, without the consent of the Noteholders, transfer the obligations of the Borrower as principal debtor under the Loan Agreement and related documents to such third party provided that certain conditions specified in the Loan Agreement are fulfilled.

12. Enforcement

The Trustee may, at its discretion and without notice, institute such proceedings subject to Condition 1 (*Form, Denomination and Status*) as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

(i) it has been so directed by an Extraordinary Resolution or (in the case only of the occurrence of an Event of Default or Relevant Event and provided, in each case, that such event is continuing) has been so requested in writing by the Holders of at least one-quarter in principal amount of the outstanding Notes; and

(ii) it has been indemnified and/or provided with security to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

The Trust Deed also provides that, in the case of an Event of Default, or a Relevant Event, the Trustee may, and shall if requested in writing to do so by Noteholders of at least one-quarter in principal amount of the Notes outstanding or if directed to do so by an Extraordinary Resolution and, in either case, subject to it being secured and/or indemnified to its satisfaction, (1) require the Issuer to declare all amounts payable under the Loan Agreement by the Borrower to be due and payable (in the case of an Event of Default), or (2) enforce the security created in the Trust Deed in favour of the Noteholders (in the case of a Relevant Event). Upon repayment of the Loan following an Event of Default, the Notes will be redeemed or repaid at the principal amount thereof together with interest accrued to (but excluding) the date fixed for redemption together with any additional amounts due in respect thereof pursuant to Condition 7 (*Taxation*) and thereupon shall cease to be outstanding.

For the purposes of these Conditions, "**Relevant Event**" means the earlier of (i) the failure by the Issuer to make any payment of principal or interest on the Notes when due, (ii) the Issuer becoming insolvent or bankrupt or unable to pay its debts, stopping or suspending payment of its debts, proposing or making a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or (iii) a moratorium is agreed or declared in respect of or affecting all or (in the opinion of the Trustee) a material part of the debts of the Issuer or (iv) an order is made or an effective resolution is passed for the winding up or dissolution of the Issuer or (v) the Issuer becomes subject to any insolvency, bankruptcy, examinership, moratorium, general

settlement with creditors, liquidation, reorganisation and any other similar legal proceedings affecting the Issuer or any similar officer is appointed as a consequence of the financial difficulties affecting the Issuer.

13. Further Issues

The Issuer may from time to time, with the consent of the Borrower and without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Borrower and the Trustee, create and issue other series of notes having the benefit of the Trust Deed. The purpose of the creation and issue of further notes shall be to finance an increase in principal amount of the Loan or a further loan to the Borrower.

14. Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, so long as the Notes are listed on the Irish Stock Exchange, filed with the Companies Announcements Office of the Irish Stock Exchange. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

15. Governing Law and Jurisdiction

(a) *Governing law:* The Trust Deed, the Agency Agreement, the Notes and all other agreements entered into, and any non-contractual matters, in connection therewith are governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction:* The Issuer has in the Trust Deed (i) submitted irrevocably to the nonexclusive jurisdiction of the courts of England for the purposes of hearing any determination and suit, action or proceedings or settling any disputes arising out of or in connection with the Trust Deed or the Notes; (ii) waived any objection which it might have to such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such disputes and agreed not to claim that any such court is not a convenient or appropriate forum; (iii) designated a person in England to accept service of any process on its behalf; and (iv) consented to the enforcement of any judgment.

SUMMARY OF PROVISIONS OF THE NOTES WHILE IN GLOBAL FORM

The Global Note Certificates contain provisions which apply to the Notes in respect of which the Global Note Certificates are issued, some of which modify the effect of the "Terms and Conditions of the Notes" contained elsewhere in this prospectus. Terms defined in the "Terms and Conditions of the Notes" section of this prospectus have the same meanings as in the paragraphs below. The following is a summary of those provisions.

Meetings

The registered holder of each Global Note Certificate will be treated at any meeting of Noteholders as having one vote in respect of each US$1,000 principal amount of Notes for which the Global Note Certificates may be exchanged. The registered holder of each Global Note Certificate may grant (in accordance with the normal rules and operating procedures of DTC, Euroclear or Clearstream, Luxembourg, or any alternative clearing system, as appropriate) proxies and otherwise authorize persons with an interest in the Notes in respect of which such Global Note Certificate has been issued to take any action which such registered holder is entitled to take in respect of such meeting.

Purchase and Redemption

In the event of the purchase or redemption by or on behalf of the Issuer (or our company or any of our subsidiaries, as the case may be) and cancellation of a part of a Global Note Certificate in accordance with Condition 5 of the Terms and Conditions of the Notes, the portion of the principal amount thereof so purchased, or redeemed, and cancelled shall be endorsed by or on behalf of the Registrar on behalf of the Issuer on the schedule to such Global Note Certificate, whereupon the principal amount thereof shall be reduced by the amount so purchased and cancelled and endorsed. Upon the purchase or redemption of the whole of a Global Note Certificate in accordance with Condition 5 of the Terms and Conditions of the Notes, such Global Note Certificate shall be surrendered to or to the order of the Registrar and cancelled. So long as the Notes are held on behalf of DTC, Euroclear or Clearstream, Luxembourg or any alternative clearing system, such purchases and redemptions will be made in accordance with the procedures of DTC, Euroclear or Clearstream, Luxembourg or any alternative clearing system, as appropriate.

Payment

To the extent that the Issuer has actually received the relevant funds from our company, payments of interest in respect of Notes represented by a Global Note Certificate will be made without presentation or if no further payment of principal or interest is to be made in respect of the Notes, against presentation and surrender of such Global Note Certificate to or to the order of the Registrar. Upon any payment of principal, the amount so paid shall be endorsed by or on behalf of the Registrar on behalf of the Issuer on the schedule to the Global Note Certificate. Payment while the Notes are represented by Global Note Certificates will be made in accordance with the procedures of DTC, Euroclear or Clearstream, Luxembourg or any alternative clearing system.

Notices

So long as any of the Notes are represented by a Global Note Certificate and such Global Note Certificate is held on behalf of DTC, Euroclear or Clearstream, Luxembourg, or any alternative clearing system, notices to Noteholders may be given by delivery of the relevant notice to DTC, Euroclear or Clearstream, Luxembourg, or any alternative clearing system, for communication by it to entitled accountholders in substitution for notification as required by the "Terms and Conditions of the Notes." For so long as the Notes are listed on the Irish Stock Exchange and the guidelines of that exchange so require, notices shall also be filed with the Companies Announcements Office of the Irish Stock Exchange.

Transfers

Transfers of interests in the Notes will be effected through the records of DTC, Euroclear or Clearstream, Luxembourg or any alternative clearing system and their respective direct and indirect participants.

Trustee's Powers

In considering the interests of Noteholders in circumstances where the Global Note Certificates are being held on behalf of DTC, Euroclear or Clearstream, Luxembourg or any alternative clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Global Note Certificates and (b) consider such interests on the basis that such accountholders were the Noteholders.

Prescription

Claims against the Issuer in respect of principal, premium, if any, and interest on the Notes while the Notes are represented by the Global Note Certificates will become void unless they are presented for payment within a period of 10 years (in the case of principal and premium) and five years (in the case of interest) from the appropriate Relevant Date.

FORM OF THE A LOAN AGREEMENT

THIS AGREEMENT is made the 28th day of January, 2011

BETWEEN

(1) **OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"**, an open joint stock company organised under the laws of the Russian Federation and whose registered office is 10 Ulitsa 8-Marta, Building 14, 127083 Moscow, Russian Federation (the **"Borrower"**); and

(2) **VIP FINANCE IRELAND LIMITED**, a private limited liability company established under the laws of Ireland and whose registered office is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland (the **"Lender"**).

It is agreed as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement the following terms have the meanings given to them in this Clause 1.1:

"Acceleration Notice" has the meaning set forth in Clause 15.2 (*Rights of Lender upon occurrence of an Event of Default*).

"Account" means an account of the Lender with The Bank of New York Mellon, Account Number 3717478400.

"Acquisition Facility" means a syndicated or bilateral term loan credit facility entered into by the Borrower with a commercial lender or lenders or multilateral finance agency in connection with financing the acquisition by the Borrower, or a Subsidiary thereof, of, or a merger by the Borrower, or a Subsidiary thereof, with, an entity whose total consolidated assets represent at least 25% of the Borrower's total consolidated assets prior to such acquisition or merger, in each case as at the end of its most recently completed fiscal quarter, provided that such credit facility shall cease to be an Acquisition Facility if the proceeds thereof are applied towards anything other than in connection with the financing of such acquisition or merger.

"Additional Amounts" has the meaning set forth in Clause 8.1(b).

"Affiliate" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control.

"afs indemnity" shall have the meaning in Clause 21.3(a).

"Agency" means any agency, authority, central bank, department, committee, government, legislature, minister, ministry, official or public or statutory person (whether autonomous or not).

"Arrangement Fee Letter" means the letter from the Lender to the Borrower, dated 28 January 2011, as amended or supplemented from time to time, setting out certain fees and expenses payable by the Borrower in connection with the Loan and the agreed funding source.

"Bankruptcy Law" means for purposes of the Borrower and any Significant Subsidiary organised under the laws of Russia on the date hereof, the Federal Law No. 127-FZ "On Insolvency (Bankruptcy)", dated 26 October 2002, as may be amended from time to time, and any similar statute, regulation or provision of any other jurisdiction in which the Borrower or such Significant Subsidiary is organised or conducting business.

"Board of Directors" means, as to any Person, the board of directors of such Person or any duly authorised committee thereof.

"Borrower" means the party named as such above and any successor corporation into which the Borrower merges pursuant to Clause 21.4.

"Business Day" means any day (other than a Saturday or Sunday) on which banks generally are open for business in New York, Moscow and London.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including Preferred Stock of such Person, whether now outstanding or issued after the date hereof, including without limitation, all series and classes of such capital stock.

"Capitalised Lease" means, as applied to any Person, any lease of any property (whether real, personal or mixed) of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP or IFRS, as applicable, is required to be capitalised on the balance sheet of such Person.

"Capitalised Lease Obligations" means the capitalised amount of a Capitalised Lease determined in accordance with GAAP or IFRS, as applicable, and the amount of Indebtedness represented by such obligation will be the capitalised amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP or IFRS, as applicable, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"Cash Equivalents" means:

(1) any evidence of Indebtedness with a maturity of one year or less issued or directly and fully guaranteed or insured by an Approved Jurisdiction or any Agency or instrumentality thereof; provided that the full faith and credit of an Approved Jurisdiction (or similar concept under the laws of the relevant Approved Jurisdiction) is pledged in support thereof;

(2) current account balances, deposits, certificates of deposit, promissory notes, acceptances or money market deposits with a maturity of one year or less of (i) any institution having combined consolidated capital and surplus and undivided profits (or any similar capital concept) of not less than US$500 million (or the equivalent in another currency) as determined under GAAP, IFRS, other international accounting standards or the accounting standards of the country in which such institution is incorporated and as set forth in the most recent publicly available financial reports published by such institution or (ii) any Subsidiary duly organised and operating as a banking institution under the laws of Russia, or any other jurisdiction in which the Borrower or its Subsidiaries conducts telecommunications business, of any banking or financial institution referred to under (i) above;

(3) current account balances, deposits, certificates of deposit, promissory notes, acceptances or money market deposits with a maturity of one year or less with any banking institution duly organised and operating under the laws of Russia, or any other jurisdiction in which the Borrower or its Subsidiaries conducts telecommunications business, having combined capital and surplus and undivided profits (or any similar capital concept) of not less than US$100 million (or the equivalent in another currency) as determined under GAAP, IFRS, other international accounting standards or the accounting standards of the country in which such institution is incorporated and as set forth in the most recent publicly available financial reports published by such institution; provided, however, that the aggregate of such current account balances, deposits, certificates of deposit, promissory notes, acceptances or money market deposits with a maturity of one year or less may not exceed at any one time the aggregate of (x) US$25 million (or the equivalent in another currency) with any single such banking institution and (y) US$50 million (or the equivalent in another currency) with all such banking institutions;

(4) current account balances with any banking institution duly organised and operating under the laws of Russia, or any other jurisdiction in which the Borrower or its Subsidiaries conducts telecommunications business, having combined capital and surplus and undivided profits (or any similar capital concept) of at least US$10 million (or the equivalent in another currency) but less than US$100 million (or the equivalent in another currency) as determined under GAAP, IFRS, other

international accounting standards or the accounting standards of the country in which such institution is incorporated and as set forth in the most recent publicly available financial reports published by such institution; provided, however, that the aggregate of such current account balances may not exceed at any one time (x) US$15 million (or the equivalent in another currency) with any single such banking institution or (y) US$50 million (or the equivalent in another currency) with all such banking institutions; provided, further, that the Borrower shall give (and not withdraw) instructions to any such banking institution with which the Borrower or its Subsidiaries has a current account balance in excess of US$1 million (or the equivalent in another currency) to transfer the balance in excess of such amount to a banking institution meeting the qualifications set forth in clause (2) or (3) of this definition no later than 10 Business Days from the date on which such current account balance exceeds US$1 million (or the equivalent in another currency);

(5) commercial paper with a maturity of one year or less issued by a corporation (other than an Affiliate of the Borrower) organised under the laws of an Approved Jurisdiction and rated at least "A-1" by S&P or "P-1" by Moody's;

(6) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the government of an Approved Jurisdiction which obligations mature within one year from the date of acquisition; and

(7) interests in any money market funds at least 95% of the assets of which consist of Cash Equivalents of the type discussed in clauses (1) through (5).

For the avoidance of doubt, an Investment in an investment fund or trust which invests substantially all of its assets in Investments described above in this definition or which is itself rated at least "AAA" or "A-1" by S&P or "Aaa" or "P-1" by Moody's constitutes a Cash Equivalent. For the purposes of this definition of "Cash Equivalents," "Approved Jurisdiction" means the United States of America, Switzerland, Russia, Norway and any member nation of the European Union as constituted on 1 January 2004.

"Change of Law" means any of the enactment or introduction of any new law, the variation, amendment or repeal of an existing or new law, and any ruling on or interpretation or application by a competent authority of any existing or new law which, in each case, occurs after the date hereof and for this purpose the word "law" means all or any of the following whether in existence at the date hereof or introduced hereafter and with which it is obligatory or customary for banks or other financial institutions or, as the case may be, companies in the relevant jurisdiction to comply:

(i) any statute, treaty, order, decree, instruction, letter, directive, instrument, regulation, ordinance or similar legislative or executive action by any national or international or local government or authority or by any ministry or department thereof and other agencies of state power and administration (including, but not limited to, taxation departments and authorities);

(ii) any letter, regulation, decree, instruction, request, notice, guideline, directive, statement of policy or practice statement given by, or required of, any central bank or other monetary authority, or by or of any Taxing Authority or fiscal or other authority or agency (whether or not having the force of law); and

the decision or ruling on, the interpretation or application of, or a change in the interpretation or application of, any of the foregoing by any court of law, tribunal, central bank, monetary authority or agency or any Taxing Authority or fiscal or other competent authority or agency.

"Closing Date" means the date referred to in Clause 3 (Availability of the Loan) on which the Loan is made hereunder.

"Commission" means the U.S. Securities and Exchange Commission.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Dispute" has the meaning set forth in Clause 26.6 (*Arbitration*).

"Environmental Laws" has the meaning set forth in Clause 11.9 (*Environmental and Labour Laws*).

"Event of Default" has the meaning set forth in Clause 15.1 (*Circumstances which* constitute *E*vents *of Default*).

"Fair Market Value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors of the Borrower (including a majority of the disinterested directors, if any) whose determination shall be conclusive if evidenced by a resolution of such Board of Directors.

"GAAP" means U.S. generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (**"FASB"**) or, if FASB ceases to exist, any successor thereto; provided, however, that for purposes of determining compliance with this Agreement, *"GAAP"* means such generally accepted accounting principles as in effect on the date hereof.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"IFRS" means the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") or, if IASB ceases to exist, any successor thereto.

"Incur" (or any derivative term thereof) means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise; provided that neither the accrual of interest nor the accretion of original issue discount shall be considered an Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication),

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, excluding Trade Payables and accrued current liabilities arising in the ordinary course of business;

(3) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto);

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property, assets or services (including, without limitation, any fees paid in connection with any mobile telecommunications licences), which purchase price is due more than six months after the earlier of the date of placing such property in service or taking delivery and title thereto or the completion of such services, except Trade Payables or other accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith;

(5) all Capitalised Lease Obligations of such Person;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of:

(A) the Fair Market Value of such asset at such date of determination; and

(B) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, net obligations under Currency Agreements and Interest Rate Agreements; and

(9) the maximum redemption amount of any Redeemable Stock or the maximum redemption amount or principal amount of any security which any Redeemable Stock is convertible or exchangeable into in accordance with clause (3) of the definition of Redeemable Stock.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations as described above, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided:

(A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortised portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP or IFRS, as applicable;

(B) that Indebtedness shall not include any liability for federal, state, local or other Taxes; and

(C) that Indebtedness shall not include obligations of any Persons (x) arising from the honouring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business; provided that such obligations are extinguished within two Business Days of their incurrence unless covered by an overdraft line, (y) resulting from the endorsement of negotiable instruments for collection in the ordinary course of business and consistent with past business practices and (z) under stand-by letters of credit or guarantees to the extent collateralised by cash or Cash Equivalents.

"Interest Payment Date" means 2 February and 2 August of each year in which the Loan remains outstanding, being the last day of the corresponding Interest Period, commencing on 2 August 2011, and the last such date being the Repayment Date.

"Interest Period" means, except as otherwise provided herein, any of those periods mentioned in Clause 4 (*Interest Periods*).

"Interest Rate" means, except as otherwise provided herein, the interest rate specified in Clause 5.2 (*Calculation of Interest*).

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

"Investment" in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of Guarantee or similar arrangement; but excluding (i) advances to customers in the ordinary course of business that are, in conformity with GAAP or IFRS, as applicable, recorded as accounts receivable on the balance sheet of the Borrower or any Subsidiary, (ii) advances to suppliers (including advances to suppliers of equipment) and (iii) advance payments of federal, state, local or other Taxes and customs duties in the ordinary course of business that are, in conformity with GAAP or IFRS, as applicable, recorded as prepayments or other non current assets on the balance sheet of the Borrower or any Subsidiary) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any Affiliate of the seller, or any agreement to give any security interest).

"Loan" means the US$500,000,000 term loan granted to the Borrower by the Lender pursuant to this Agreement.

"Material Adverse Effect" has the meaning set forth in Clause 11.1 (*Due Organisation*).

"Material Mobile Licence" means any one or more mobile telecommunications licences required for the provision of mobile telecommunications services, including mobile Internet and e-commerce services, which individually or in the aggregate account for at least 65% of the Borrower's revenues on a consolidated basis during the 12 months ended at the latest reported calendar quarter.

"Officer" means, with respect to a Person, the Chairman of the Board of Directors, the General Director, the Chief Executive Officer, the President, the Chief Financial Officer, the Controller, the Treasurer or the General Counsel of such Person.

"Officers' Certificate" means a certificate signed by two Officers of the Borrower.

"permits" has the meaning set forth in Clause 11.11 (*Permits and Licences*).

"Permitted Liens" means:

(1) Liens securing the Loan;

(2) Liens granted by a Subsidiary of the Borrower in favour of the Borrower or another Subsidiary, with respect to the property or assets, or any income or profits therefrom, of such Subsidiary;

(3) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, material men, repairmen or other similar Liens arising in the ordinary course of business;

(4) any Lien existing on the date of this Agreement;

(5) any Lien on any property or assets of any Person or on any property or assets of the Subsidiaries of such Person existing at the time such Person is merged or consolidated with or into the Borrower or into which the Borrower is merged or any of its Subsidiaries or becomes a subsidiary of the Borrower and not created in contemplation of such event; provided that no such Lien shall extend to any other property or assets of such Person or to any other property or assets of the Subsidiaries of such Person or the Borrower or any of its Subsidiaries;

(6) any Lien existing on any property or assets prior to the acquisition thereof by the Borrower or any of its Subsidiaries and not created in contemplation of such acquisition; provided that no such Lien shall extend to any other property or assets or any property or assets of the Borrower or any of its Subsidiaries;

(7) any Lien on any property or assets securing Indebtedness of the Borrower or any of its Subsidiaries Incurred or assumed for the purpose of financing all or part of the cost of acquiring, repairing or refurbishing such property or assets; provided that (i) no such Lien shall extend to any other property or assets of the Borrower or any of its Subsidiaries other than the assets affixed thereto, and proceeds thereof, (ii) the aggregate principal amount of all Indebtedness secured by Liens under this clause (7) on such property or assets does not exceed the purchase price of such property or assets and (iii) such Lien attaches to such property or assets concurrently with the repair or refurbishing thereof or within 180 days after the acquisition thereof;

(8) easements, rights-of-way, restrictions and any other similar charges or encumbrances incurred in the ordinary course of business and not interfering in any material respect with the business of the Borrower or any of its Subsidiaries;

(9) Liens securing Hedging Obligations so long as any such Hedging Obligation is not speculative;

(10) Any extension, renewal or replacement of any Lien described in clauses (1) through (9) above; provided that (i) such extension, renewal or replacement shall be no more restrictive in any material respect than the original Lien, (ii) the amount of Indebtedness secured by such Lien is not increased and (iii) if the property or assets securing the Indebtedness subject to such Lien are changed in connection with such refinancing, extension or replacement, the Fair Market Value of such property or assets is not increased;

(11) pledge of Capital Stock of the Borrower in favour of a Subsidiary in connection with the direct or indirect issuance by the Borrower of securities convertible into or exchangeable for Capital Stock of the Borrower;

(12) any additional Lien; provided that

(A) immediately after giving effect to such additional Lien, all the secured Indebtedness in the aggregate secured by all such Liens under this Clause 12 does not exceed 10% of the Borrower's total consolidated assets as of the end of the most recently completed fiscal quarter; or

(B) to the extent such additional Lien secures Indebtedness incurred under an Acquisition Facility, immediately after giving effect to such additional Lien, all the secured Indebtedness in the aggregate secured by all such Liens under this Clause 12 does not exceed 20% of the Borrower's total consolidated assets as of the end of the most recently completed fiscal quarter (determined on a pro forma basis taking into account the assets of the acquired or merged entity, to the extent so acquired or merged) and provided further that such additional Lien incurred under such Acquisition Facility shall cease to be permitted by this Clause 12(B) three months after the creation of such security (although, for the avoidance of doubt, such additional Lien may continue to be permitted under Clause 12(A), except that, if the merger or acquisition has completed, the Borrower's total consolidated assets shall be determined as if the merger or acquisition shall have occurred as of the end of the most recently completed fiscal quarter),

in each case as determined in accordance with GAAP or IFRS, as applicable;

(13) pledges or deposits by such Person in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party or to secure public or statutory obligations of such Person or deposits or cash or Russian government bonds to secure bid, surety or appeal bonds to which such Person is a party, or for contested taxes or import or custom duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(14) Liens imposed by law, and Liens in favour of customs authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods, in each case for sums not yet due or being contested in good faith by appropriate proceedings, if a reserve or other appropriate provision, if any, as shall be required by GAAP or IFRS, as applicable, shall have been made in respect thereof;

(15) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings provided reserves required pursuant to GAAP or IFRS, as applicable, have been taken on the books of the Borrower or its Subsidiaries;

(16) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired; and

(17) Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution; provided that (x) such deposit account is not a pledged cash collateral account and (y) such deposit account is not intended by the Borrower or the Subsidiary to provide collateral to the depository institution;

provided, further, except as set forth above, that no Lien on the property, income or assets of the Borrower shall be a "Permitted Lien" other than a Lien arising by operation of law.

"Person" means any individual, corporation, partnership, joint venture, trust unincorporated organisation or government or any Agency or political subdivision thereof.

"Preferred Stock" means, with respect to any Person any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's preferred or preference

equity, whether now outstanding or issued after the Closing Date, including, without limitation, all series and classes of such preferred stock or preference stock.

"Proceedings" has the meaning set forth in Clause 26.2 (English Courts).

"Qualifying Jurisdiction" means any jurisdiction which has a double taxation treaty with Russia under which the payment of interest by Russian borrowers to lenders in the jurisdiction in which a lender is incorporated is generally able to be made without deduction or withholding of Russian income tax (upon completion of any necessary formalities required in relation thereto).

"Rating Agencies" means Moody's Investors Service, Inc. (**"Moody's"**) or any related entity providing ratings or any successor to Moody's rating agency business and Standard & Poor's Ratings Services (**"S&P"**) or any related entity providing ratings or any successor to S&P's rating agency business.

"Redeemable Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is:

(1) required to be redeemed prior to the Stated Maturity of the Loan;

(2) redeemable at the option of the holder (other than in connection with a "Reorganisation" or a "Major Transaction" as such terms are defined in Article 15 and Article 78, respectively, of the Russian Federation Federal Law No. 208-FZ "On Joint Stock Companies", dated 26 December 1995, as such law may be amended, supplemented or modified from time to time or any successor statute or statutes thereof) of such class or series of Capital Stock at any time prior to the Stated Maturity of the Loan; or

(3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Loan.

"Repayment Date" means the fifth anniversary of the date, referred to in Clause 3 (*Availability of the Loan*), on which the Loan is made hereunder, or if such day is not a Business Day, the next succeeding Business Day.

"Rules" has the meaning set forth in Clause 26.6 (*Arbitration*).

"Russia" shall mean the Russian Federation and any province or political subdivision or Agency thereof or therein, and "Russian" shall be construed accordingly.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Side Letter" means the letter, dated the date hereto, from the Borrower to the Lender.

"Significant Subsidiary" means:

(1) from time to time, any Subsidiary of the Borrower that holds or has the right, title or interest to or in any telecommunications licence which licence is responsible for generating more than 10% of the consolidated revenues of the Borrower in accordance with GAAP or IFRS, as applicable; or

(2) from time to time, any Subsidiary of the Borrower that, together with its Subsidiaries,

  (A) for the most recent fiscal year of the Borrower, accounted for more than 10% of the consolidated revenues of the Borrower in accordance with GAAP or IFRS, applicable; or

  (B) as of the end of such fiscal year, was the owner of more than 10% of the consolidated assets of the Borrower in accordance with GAAP or IFRS, as applicable;

all as set forth on the most recently available consolidated financial statements of the Borrower in accordance with GAAP or IFRS, as applicable, for such fiscal year.

"Stated Maturity" means:

(1) with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final instalment of principal of such Indebtedness is due and payable; and

(2) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified in such Indebtedness as the fixed date on which such instalment is due and payable.

"Subordinated Indebtedness" means any Indebtedness of the Borrower (whether outstanding on the date hereof or thereafter Incurred) which is expressly subordinate in right of repayment to the Loan pursuant to a written agreement.

"Subsidiary" means, with respect to any Person, (i) a corporation more than 50% of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such Person, by such Person and one or more Subsidiaries of such Person or by one or more Subsidiaries of such Person, or (ii) a partnership in which such Person or a Subsidiary of such Person is, at the time, a general partner of such partnership, or (iii) any other Person in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has (x) over a 50% ownership interest or (y) the power to elect or direct the election of a majority of the directors, members of the board of directors or other governing body of such Person.

"Taxes" has the meaning set out in Clause 8.1 (*Additional* Amounts).

"Tax Indemnity Amounts" has the meaning set out in Clause 8.3 (*Tax Indemnity*).

"Taxing Authority" has the meaning set out in Clause 8.1 (*Additional Amounts*).

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or Guaranteed by any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"unpaid sum" has the meaning set forth in Clause 16.1 (*Default Interest Periods*).

"VimpelCom Ltd." means VimpelCom Ltd., an exempted company established and existing under the laws of Bermuda under number 43271 and whose registered address is at Victoria Place, 31 Victoria Street, Hamilton HM10, Bermuda.

"Voting Stock" means with respect to any Person, any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, management board, managers or trustees of such Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"Weather Transaction" means the acquisition of Wind Telecom S.p.A. by VimpelCom Ltd.

Other Definitions

the *"Lender"* shall be construed so as to include its and any subsequent successors, assignees and chargees in accordance with their respective interests;

"agreed funding source" shall mean any person to whom the Lender owes any Indebtedness (including securities), which Indebtedness was incurred solely and expressly to fund the Loan (including a designated representative of such person);

the *"equivalent"* on any given date in one currency (the "first currency") of an amount denominated in another currency (the "second currency") is a reference to the amount of the first currency which could be purchased with the amount of the second currency at the spot rate of exchange quoted on the relevant Reuters page or, where the first currency is (i) Roubles and the second currency is (ii) U.S. dollars, or as the case may be euros (or vice versa), by the Central Bank of Russia, at or about noon (London time or, as the case may be, Moscow time) on such date for the purchase of the first currency with the second currency;

"repay" (or any derivative form thereof) shall, subject to any contrary indication, be construed to include "prepay" (or, as the case may be, the corresponding derivative form thereof); and

"VAT" shall be construed as a reference to value added tax including any similar tax which may be imposed in place thereof from time to time.

1.2 Interpretation

Unless the context otherwise requires,

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP or IFRS, as applicable, consistently applied;

(c) "or" is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) provisions apply to successive events and transactions;

(f) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the Commission from time to time;

(g) references to principal and interest shall be deemed to include any additional amounts in respect of premium which may be payable under this Agreement;

(h) references to "US$" or "U.S. dollars" are to United States dollars and references to "Roubles" are to Russian roubles.

1.3 Statutes

Any reference in this Agreement to a statute shall be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted.

1.4 Headings

Clause and Schedule headings are for ease of reference only.

1.5 Amended Documents

Except where the contrary is indicated, any reference in this Agreement to this Agreement, the Arrangement Fee Letter or any other agreement or document shall be construed as a reference to this Agreement, the Arrangement Fee Letter or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented.

2. THE LOAN

The Lender grants to the Borrower, upon the terms and subject to the conditions hereof, a single disbursement term loan facility in the amount of US$500,000,000 funded by the agreed funding source.

3. AVAILABILITY OF THE LOAN

The Loan will be available by way of a single advance in cash which will be made by the Lender to the Borrower and the Borrower will draw down the Loan on 2 February 2011, or such later date as may otherwise be agreed by the parties to this Agreement, if:

(1) the Lender has not, prior to 2 February 2011, or such later date as may otherwise be agreed by the parties to this Agreement, notified the Borrower that it has not received the condition precedent documents as listed in the agreements entered into in connection with the agreed funding source in form and substance satisfactory to the Lender;

(2) the Lender has received funding of the Loan from the agreed funding source; and

(3) no event has occurred or circumstance arisen which would, whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement, constitute an event described under Clause 15 (*Events of Default*) and the representations set out in Clause 11 (*Representations and Warranties of the Borrower*) are true and accurate in all material respects on and as of the proposed date for the making of such Loan.

4. INTEREST PERIODS

The period for which the Loan is outstanding shall be divided into successive semi-annual periods, ending on and excluding 2 February and 2 August, each of which, other than the first (which shall commence on,

and shall include, 2 February 2011 shall start on, and shall include, the last day of the preceding such period (each, an **"Interest Period"**). For the avoidance of doubt, the amount of interest payable in respect of the first Interest Period shall be US$16,232,500 and the amount of interest payable in respect of each Interest Period thereafter, including the last Interest Period, shall be US$16,232,500.

5. PAYMENT AND CALCULATION OF INTEREST

5.1 Payment of Interest

Not later than noon (London time) one Business Day prior to each Interest Payment Date the Borrower shall pay all accrued and unpaid interest, any Additional Amounts, and any Tax Indemnity Amounts, calculated to the last day of each Interest Period, on the outstanding principal amount of the Loan to the Account.

5.2 Calculation of Interest

The amount of interest payable for any Interest Period shall be calculated by applying the rate of 6.493% per annum (the **"Interest Rate"**) to the amount of the Loan, dividing the product by two, and rounding the resulting figure to the nearest cent, half a cent being rounded upwards. When interest is required to be calculated for any other period, it shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed.

6. REPAYMENT

Subject to Clause 15.2 (*Rights of Lender upon occurrence of an Event of Default*), not later than noon (London time) one Business Day prior to the Repayment Date, the Borrower shall repay in full the outstanding principal amount of the Loan and, to the extent not already paid in accordance with Clause 5.1 (Payment of Interest), all accrued and unpaid interest, any Additional Amounts, and any Tax Indemnity Amounts, calculated to (but excluding) the last day of the last Interest Period.

7. PREPAYMENT

7.1 Prepayment for Tax Reasons

If, as a result of the application of or any amendment to or change (including a change in interpretation or application) in the double taxation treaty between Russia and Ireland (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) or the laws or regulations of Russia or Ireland (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) or of any political sub-division thereof or any Agency therein, or as a result of the Lender ceasing to be resident in Ireland or a Qualifying Jurisdiction by reason of any Change of Law (including a change in the double taxation treaty or in such law or treaty's application or interpretation), the Borrower would thereby be required to pay any Additional Amounts in respect of Taxes pursuant to Clause 8.1 (*Additional Amounts*), or pay any Tax Indemnity Amounts pursuant to Clause 8.3 (*Tax Indemnity*), then the Borrower may (without premium or penalty), upon not less than 30 calendar days' written notice to the Lender (and, following the execution of the agreements entered into in connection with the agreed funding source, to the party designated by such agreements) including an Officers' Certificate of the Borrower, to the effect that the Borrower would be required to pay such Additional Amounts or Tax Indemnity Amounts, which notice shall be irrevocable, prepay the Loan in whole (but not in part) at any time together with all accrued and unpaid interest, any Additional Amounts and any Tax Indemnity Amounts; provided, however, that no such notice shall be given earlier than 90 calendar days prior to the earliest date on which the Borrower would be obligated to pay such Additional Amounts or Tax Indemnity Amounts, as the case may be.

7.2 Prepayment for Reasons of Increased Costs

The Borrower may (without premium or penalty), if it is required to make any payment by way of indemnity under Clause 10.1 (*Increased Costs*), subject to giving to the Lender not less than 30 calendar days' prior written notice to that effect, prepay the whole, but not part only, of the amount of the Loan, together with any amounts then payable under Clause 10.1 (*Increased Costs*) and accrued and unpaid interest, any Additional Amounts and Tax Indemnity Amounts, if any.

7.3 Notice of Prepayment

Without prejudice to any other requirement in this Agreement, any notice of prepayment given by the Borrower pursuant to Clause 7.1 (*Prepayment for Tax Reasons*) or Clause 7.2 (*Prepayment for Reasons of Increased Costs*) hereof, shall be irrevocable, shall specify the date upon which such prepayment is to be made and shall oblige the Borrower to make such prepayment one Business Day prior to such date.

7.4 Costs of Prepayment

The Borrower shall, on the date of prepayment, pay all accrued and unpaid interest, any Additional Amounts and any Tax Indemnity Amounts (each only with respect to the amount subject to such prepayment), as of such date of prepayment and all other amounts payable to the Lender hereunder in connection with such prepayment. The Borrower shall indemnify the Lender on demand against any costs and expenses reasonably incurred and properly documented by the Lender on account of any prepayment made in accordance with this Clause 7 (Prepayment).

7.5 No Other Repayments

The Borrower shall not repay the whole or any part of the amount of the Loan except at the times and in the manner expressly provided for in this Agreement.

7.6 Purchase of Instruments Issued to the Agreed Funding Source

At any time in the open market or otherwise, the Borrower and its Subsidiaries may purchase any instruments issued to the agreed funding source for cash consideration or pursuant to an exchange offer. If such instruments are purchased for cash consideration by, or on behalf of, the Borrower or any of its Subsidiaries and surrendered by, or on behalf of, the Borrower or any of its Subsidiaries to the Lender for cancellation (together with an authorisation addressed to the agent of the agreed funding source to cancel such instruments), the Lender shall credit the Borrower with the prepayment of an amount of the loan equal to the aggregate outstanding principal amount of such cancelled instruments. If such instruments are purchased, with the consent of the Borrower, by, or on behalf of, the Lender pursuant to an exchange offer (whereby the instruments are tendered by the agreed funding source in exchange for new instruments issued by the Lender for the purposes of funding a new loan to the Borrower to be advanced under a new loan agreement (the **"New Loan Agreement"**)) the Borrower's obligations under Clause 6 (Repayment) upon settlement of the exchange offer, shall become immediately due and payable in an amount equal to the aggregate outstanding principal amount of such tendered, and accepted for tender and not withdrawn, instruments and notwithstanding any other provision in this Agreement, be immediately set-off against an equal amount to be advanced under the New Loan Agreement.

8. TAXES

8.1 Additional Amounts

(a) Subject to Clause 8.1(b), all payments made by the Borrower under or with respect to the Loan will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment, or other governmental charge (including penalties, interest and other liabilities related thereto) (collectively, **"Taxes"**) imposed or levied by or on behalf of any government or political subdivision or territory or possession of any government or authority or Agency therein or thereof having the power to tax (each, a **"Taxing Authority"**) within Russia or Ireland (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes), unless the Borrower is required to withhold or deduct Taxes by law or by the interpretation or administration thereof.

(b) If at any time the Borrower is required to withhold or deduct any amount for or on account of Taxes imposed or levied by or on behalf of any Taxing Authority within Russia or Ireland (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) from any payment made under or with respect to the Loan, the Borrower shall, on the due date for such payment, pay such additional amounts (**"Additional Amounts"**) as may be necessary so that the net amount received and retained by the Lender (including Additional Amounts) in U.S. dollars

after such withholding or deduction will not be less than the amount the Lender would have received and retained if such Taxes had not been withheld or deducted and free from liability in respect of such withholding or deduction.

(c) The Borrower will also:

(i) make such withholding or deduction; and

(ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

(c) At least 30 calendar days prior to each date on which any payment under or with respect to the Loan is due and payable, if the Borrower will be obligated to pay Additional Amounts with respect to such payment (upon written notice by the Lender or an agent of the agreed funding source), the Borrower will deliver to the Lender (and, following the execution of the agreements entered into in connection with the agreed funding source, to the party designated by such agreements) an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) to pay such Additional Amounts to or for the account of the agreed funding source on the relevant payment date.

(d) If the Lender pays any amount in respect of such Taxes, the Borrower shall reimburse the Lender in U.S. dollars for such payment on demand.

(e) Whenever this Agreement mentions, in any context, the payment of amounts based upon the principal, interest or of any other amount payable under or with respect to any of the Loan, this includes, without duplication, payment of any Additional Amounts and Tax Indemnity Amounts that may be applicable.

The foregoing provisions shall apply, modified as necessary, to any Taxes imposed or levied by any Taxing Authority in any jurisdiction in which any successor obligor to the Borrower is organised.

8.2 Payments

The Borrower shall assist the Lender in ensuring that all payments made under this Agreement are exempt from deduction or withholding of Tax.

8.3 Tax Indemnity

Without prejudice to, and without duplication of, the provisions of Clause 8.1 (*Additional Amounts*),

(a) if at any time the Lender makes or is required to make any payment to a Person (other than to or for the account of the agreed funding source) on account of Tax in respect of the Loan or in respect of any instruments issued to, or documents entered into with, the agreed funding source imposed by any Taxing Authority of or in Russia, Ireland or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes, or any liability in respect of any such payment is asserted, imposed, levied or assessed against the Lender, the Borrower shall, as soon as reasonably practicable following, and in any event within 30 calendar days of, written demand made by the Lender, indemnify the Lender against such payment or liability, together with any interest, penalties, costs and expenses payable or Incurred in connection therewith; and

(b) if at any time a Taxing Authority imposes an obligation on the Lender to withhold or deduct any amount on any payment made or to be made by the Lender to or for the account of the agreed funding source and the Lender is required by any instruments issued to, or documents entered into with, the agreed funding source, to pay additional amounts to such agreed funding source in connection therewith, the Borrower shall not later than one Business Day before the date of payment to the agreed funding source (provided it has received notice two Business Days prior to the date of payment to the agreed funding source) and otherwise promptly on demand, pay to the Lender such additional amounts as may be necessary so that the net amount received by the agreed funding source (including such additional amounts) in U.S. dollars after such withholding or deduction will not be

less than the amount such agreed funding source would have received if such withholdings or deductions had not been made and free from liability in respect of such withholding or deduction.

Any payments required to be made by the Borrower under this Clause 8.3 are collectively referred to as **"Tax Indemnity Amounts"**. For the avoidance of doubt, the provisions of this Clause 8.3 shall not apply to any withholding or deductions of Taxes with respect to the Loan which are subject to payment of Additional Amounts under Clause 8.1.

8.4 Tax Claims

If the Lender intends to make a claim for any Tax Indemnity Amounts pursuant to Clause 8.3 (Tax Indemnity), it shall notify the Borrower thereof; provided that nothing herein shall require the Lender to disclose any confidential information relating to the organisation of its affairs.

8.5 Tax Credits and Tax Refunds

(a) If any Additional Amounts are paid under Clause 8.1 (*Additional Amounts*) or Tax Indemnity Amounts are paid under Clause 8.3 (*Tax Indemnity*) by the Borrower for the benefit of the Lender and the Lender, in its reasonable opinion, determines that it has received or been granted a credit against, a relief or remission for, or a repayment of, any Tax, then, if and to the extent that the Lender, in its reasonable opinion, determines that such credit, relief, remission or repayment is in respect of or calculated with reference to the deduction or withholding giving rise to such Additional Amounts or, in the case of Tax Indemnity Amounts, with reference to the liability, expense or loss to which the payment giving rise to such Tax Indemnity Amounts relates, the Lender shall, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Borrower such amount as the Lender shall, in its reasonable opinion, have concluded to be attributable to such deduction or withholding or, as the case may be, such liability, expense or loss; provided that the Lender shall not be obliged to make any payment under this Clause 8.5 in respect of such credit, relief, remission or repayment until the Lender is, in its reasonable opinion, satisfied that its tax affairs for its tax year in respect of which such credit, relief, remission or repayment was obtained have been finally settled. Any such payment shall, in the absence of manifest error and subject to the Lender specifying in writing in reasonable detail the calculation of such credit, relief, remission or prepayment and of such payment and providing relevant supporting documents evidencing such matters, be conclusive evidence of the amount due to the Borrower hereunder and shall be accepted by the Borrower in full and final settlement of its rights of reimbursement hereunder in respect of such deduction or withholding. Nothing contained in this Clause 8.5 shall interfere with the right of the Lender to arrange its tax affairs generally in whatever manner it thinks fit nor oblige the Lender to disclose any information relating to its tax affairs generally or any computations in respect thereof.

(b) If as a result of a failure to obtain relief from deduction or withholding of any Tax imposed by Russia or Ireland (or any Qualified Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) (i) such Tax is deducted or withheld by the Borrower and pursuant to Clause 8.1 (*Additional Amounts*) an increased amount is paid by the Borrower to the Lender in respect of such deduction or withholding, and (ii) following the deduction or withholding of Tax as referred to above, (A) the Borrower applies on behalf of the Lender to the relevant Russian Taxing Authorities for a tax refund and such tax refund is credited by the Russian Taxing Authorities to the Lender or (B) if such tax refund is otherwise credited by a relevant Taxing Authority to the Lender pursuant to a final decision of such Taxing Authority, the Lender shall as soon as reasonably possible notify the Borrower of the receipt of such tax refund and promptly transfer the entire amount of the tax refund to a bank account of the Borrower specified for that purpose by the Borrower.

8.6 Representations of the Lender

The Lender represents that (a) it is a private limited liability company which at the date hereof is a resident of Ireland, is subject to taxation in Ireland on the basis of its registration as a legal entity, location of its management body or another similar criterion and it is not subject to taxation in Ireland merely on income from sources in Ireland or connected with property located in Ireland; and (b) on the assumption that

(i) entering into this Agreement and the transactions contemplated herein and (ii) the entering into prior loan arrangements with the Borrower and related matters do not cause the Lender to have a permanent establishment in Russia, on the date hereof, it does not have a permanent establishment in Russia

The Lender, at the cost of the Borrower, shall make reasonable and timely efforts to assist the Borrower to obtain relief from withholding of Russian income tax pursuant to the double taxation treaty between Russia and the jurisdiction in which the Lender is incorporated, including its obligations under Clause 8.8 (*Delivery of Forms*). The Lender makes no representation as to the application or interpretation of any double taxation treaty between Russia and the jurisdiction in which the Lender is incorporated.

8.7 Exceptions

The Lender agrees promptly, upon becoming aware of such, to notify the Borrower if it ceases to be resident in Ireland or a Qualifying Jurisdiction or if any of the representations set forth in Clause 8.6 are no longer true and correct. If the Lender ceases to be resident in Ireland or a Qualifying Jurisdiction, then, except in circumstances where the Lender has ceased to be resident in Ireland or a Qualifying Jurisdiction by reason of any Change of Law (including a change in a double taxation treaty or in such law or treaty's application or interpretation), in each case taking effect after the date of this Agreement, the Borrower shall not be liable to pay to the Lender under Clause 8.1 (*Additional Amounts*) or Clause 8.3 (*Tax Indemnity*) any sum in excess of the sum it would have been obliged to pay if the Lender had not ceased to be resident in Ireland or a Qualifying Jurisdiction.

8.8 Delivery of Forms

The Lender shall within 30 calendar days of the request of the Borrower, to the extent it is able to do so under applicable law including Russian laws, use its reasonable efforts to deliver to the Borrower a certificate issued by the competent Taxing Authority in Ireland (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) confirming that the Lender is a tax resident in Ireland for the purposes of the Ireland/Russia double taxation agreement (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) and such other information or forms as may need to be duly completed and delivered by the Lender to enable the Borrower to apply to obtain relief from deduction or withholding of Russian Tax after the date of this Agreement or, as the case may be, to apply to obtain a tax refund if a relief from deduction or withholding of Russian Tax has not been obtained. The Lender shall, within 30 calendar days of the request of the Borrower, to the extent it is able to do so under applicable law including Russian laws, from time to time deliver to the Borrower any additional duly completed application forms as need to be duly completed and delivered by the Lender to enable the Borrower to apply to obtain relief from deduction or withholding of Russian Tax or, as the case may be, to apply to obtain a tax refund if a relief from deduction or withholding of Russian Tax has not been obtained. The certificate and, if required, other forms referred to in this Clause 8.8 shall be duly signed by the Lender, if applicable, and stamped or otherwise approved by the competent Taxing Authority in Ireland (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) and apostilled or otherwise legalised. If a relief from deduction or withholding of Russian Tax under this Clause 8.8 has not been obtained and further to an application of the Borrower to the relevant Russian Taxing Authorities the latter requests the Lender's Rouble bank account details, the Lender shall at the request of the Borrower (x) use reasonable efforts to procure that such Rouble bank account of the Lender is duly opened and maintained, and (y) thereafter furnish the Borrower with the details of such Rouble bank account. The Borrower shall pay for all costs associated, if any, with opening and maintaining such Rouble bank account and obtaining any certificates or forms pursuant to this Clause 8.8.

8.9 Conduct of Business

The Lender shall conduct its business and affairs such that, at all times:

(a) it shall maintain its registered office and head office in Ireland;

(b) it shall hold all meetings of its board of directors in Ireland;

(c) it shall not open any office or branch or place of business outside of Ireland; and

(d) it shall not knowingly (except to the extent that entering into this Agreement, the documents entered into with the agreed funding source and any other document entered into, or instrument issued, in connection with this Agreement or the documents entered into with the agreed funding source, and the performance of its obligations thereunder or any similar documents relating to any previous loans made by the Lender to the Borrower, cause it to be so resident) do anything which may result in the Lender creating an establishment in a jurisdiction other than Ireland.

The Lender will not take any action (save to the extent necessary for the Lender to comply with its obligations under this Agreement, the documents entered into with the agreed funding source and any other document entered into, or instrument issued, in connection with this Agreement or the documents entered into with the agreed funding source or any similar documents relating to any previous loans made by the Lender to the Borrower) which will cause its "centre of main interests" (as that term is defined in article 3(1) of Council Regulation (EC/1346/2000) (the Regulation)) to be located in any jurisdiction other than Ireland and will not establish any offices, branches or other permanent establishments (as defined in the Regulation) or register as a company in any jurisdiction other than Ireland.

9. TAX RECEIPTS

9.1 Notification of Requirement to Deduct Tax

If, at any time, the Borrower is required by law to make any deduction or withholding from any sum payable by it hereunder, or if thereafter there is any change in the rates at which or the manner in which such deductions or withholdings are calculated, the Borrower shall promptly notify the Lender.

9.2 Evidence of Payment of Tax

The Borrower will make all reasonable endeavours to obtain certified copies, and translations into English, of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Taxing Authority imposing such Taxes. The Borrower will furnish to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), within 60 calendar days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment by the Borrower or, if such receipts are not obtainable, other evidence of such payments by the Borrower.

10. CHANGES IN CIRCUMSTANCES

10.1 Increased Costs

If, by reason of any Change of Law, other than a Change of Law which relates only to the basis or rate of Tax on the net income of the Lender or the amounts required pursuant to the Arrangement Fee Letter:

(a) the Lender Incurs an additional cost as a result of the Lender's entering into or performing its obligations, including its obligation to make the Loan, under this Agreement (excluding Taxes payable by the Lender on its overall net income); or

(b) the Lender becomes liable to make any additional payment on account of Tax or otherwise, not being a tax imposed on its net income or the amounts due pursuant to the Arrangement Fee Letter, on or calculated by reference to the amount of the Loan and/or to any sum received or receivable by it hereunder except where compensated under Clause 8.1 (*Additional Amounts*) or under Clause 8.3 (*Tax Indemnity*),

then the Borrower shall, from time to time within 30 calendar days of written demand of the Lender, pay to the Lender amounts sufficient to hold harmless and indemnify it from and against, as the case may be, such properly documented (1) cost or (2) liability; provided that the Lender will not be entitled to indemnification where such increased cost or liability arises as a result of the gross negligence, fraud or wilful default of the Lender; and provided that the amount of such increased cost shall be deemed not to exceed an amount equal to the proportion of any cost or liability which is directly attributable to this Agreement.

10.2 Increased Costs Claims

If the Lender intends to make a claim pursuant to Clause 10.1 (*Increased Costs*), it shall notify the Borrower thereof and provide a written description in reasonable detail of the relevant Change of Law, including a description of the relevant affected jurisdiction or country and the date on which the change in circumstances took effect; provided that nothing herein shall require the Lender to disclose any confidential information relating to the organisation of its or any other person's affairs. The written description shall demonstrate the connection between the change in circumstance and the increased costs and shall be accompanied by relevant supporting documentation evidencing the matters described therein.

10.3 Illegality

If, at any time after the date of this Agreement, it is unlawful for the Lender to make, fund or allow to remain outstanding the Loan made or to be made by it hereunder or to maintain its agreed funding source of the Loan then the Lender shall, after becoming aware of the same, deliver to the Borrower a written notice, setting out in reasonable detail the nature and extent of the relevant circumstances, to that effect and:

(a) if the Loan has not then been made, the Lender shall not thereafter be obliged to make the Loan; and

(b) if the Loan is then outstanding and the Lender so requests, the Borrower shall (without premium or penalty), on the latest date permitted by the relevant law or such earlier day as the Borrower elects (as notified to the Lender upon not less than 30 calendar days' written notice prior to the date of repayment), repay the Loan together with accrued and unpaid interest thereon and all other amounts owing to the Lender hereunder.

10.4 Mitigation

If circumstances arise which would result in:

(a) any payment falling due to be made by or to the Lender or for its account pursuant to Clause 10.3 (*Illegality*);

(b) any payment falling due to be made by the Borrower pursuant to Clause 8.1 (*Additional Amounts*); or

(c) a claim for indemnification pursuant to Clause 8.3 (Tax Indemnity) or Clause 10.1 (*Increased Costs*),

then, without in any way limiting, reducing or otherwise qualifying the rights of the Lender or the Borrower's obligations under any of the above mentioned provisions, the Lender shall, upon becoming aware of the same, notify the Borrower thereof and, in consultation with the Borrower and to the extent it can lawfully do so and without prejudice to its own position, take reasonable steps to remove such circumstances or mitigate the effects of such circumstances including, without limitation, by the change of its lending office or transfer of its rights or obligations under this Agreement to another Person; provided that the Lender shall be under no obligation to take any such action if, in its opinion, to do so might have any adverse effect upon its business, operations or financial condition or might be in breach of any arrangements which it may have made with the agreed funding source.

11. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower makes the following representations and warranties and acknowledges that the Lender has entered into this Agreement in reliance on those representations and warranties.

11.1 Due Organisation

Each of the Borrower and its Significant Subsidiaries has been duly organised, is validly existing as a legal entity properly organised, registered and existing, in the case of the Borrower, under the laws of Russia, and in the case of each Significant Subsidiary, under the laws of its jurisdiction of organization or incorporation; each of the Borrower and its Significant Subsidiaries has the corporate power and authority to own, lease and operate its property and to conduct its business as it is currently being conducted and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except where any failure to do so would not

have any material adverse effect on the business, financial position or results of operations of the Borrower and its Subsidiaries taken as a whole (**"Material Adverse Effect"**).

11.2 Authorisation

The Borrower has full corporate power and authority to enter into this Agreement, and this Agreement has been duly authorised, executed and delivered by the Borrower, and is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except that the enforcement thereof may be limited by (i) bankruptcy, insolvency, fraudulent conveyance, reorganisation, moratorium and other similar laws relating to or affecting creditors' rights generally and (ii) general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

11.3 No Conflict

The execution, delivery and performance of this Agreement by the Borrower, the compliance by the Borrower with all the provisions hereof and the consummation of the transactions contemplated hereby (a) will not require any consent, approval, authorisation or other order of any court, regulatory body, administrative agency or other governmental body (except as such may be required under the securities or Blue Sky laws of the various states of the United States or any securities laws of any jurisdiction other than Russia, Ireland, the United Kingdom and the Federal law of the United States) except for such consents, approvals, authorisations or other orders as have been obtained and which are in full force and effect or as may only be obtained after the closing of the transactions contemplated hereby or thereby, (b) will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter of the Borrower or any of the Borrower's Significant Subsidiaries that holds a Material Mobile Licence, (c) will not conflict with or constitute a breach of any agreement, indenture or other instrument to which the Borrower or any of the Significant Subsidiaries is a party or by which the Borrower, any of the Significant Subsidiaries or their respective property or assets is bound, and (d) will not violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Borrower, any of the Significant Subsidiaries or their respective property, except in the case of clauses (c) and (d), any conflict, breach or violation which would not have a Material Adverse Effect.

11.4 Financial Statements

The consolidated financial statements of the Borrower and the related notes thereto, as contained in Schedule I and Schedule II to the Side Letter, were prepared in accordance with GAAP consistently applied throughout the periods involved, and present fairly, the consolidated financial position of the Borrower as at the dates at which they were prepared and the results of the operations and the cash flows of the Borrower in respect of the periods for which they were prepared. The other financial and statistical information and data set forth in Schedule I and Schedule II to the Side Letter is, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Borrower and its Subsidiaries. Since the 31 December 2009 financial statements contained in Schedule I and Schedule II to the Side Letter and, except as disclosed in Schedule II to the Side Letter, (a) there has been no material adverse change in the condition (financial or otherwise) or affecting the business, prospects, financial position, or results of operations of the Borrower or the Borrower and its Subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business; and (b) neither the Borrower nor any of its Subsidiaries has entered into any transaction or agreement material to the Borrower or to the Borrower and its Subsidiaries taken as a whole, other than in the ordinary course of business.

11.5 No Other Indebtedness

The Borrower has no Indebtedness, other than Indebtedness (a) that in the aggregate would not have a Material Adverse Effect, (b) as set forth on the 31 December 2009 audited consolidated balance sheet of the Borrower or (c) as disclosed in Schedule II to the Side Letter.

11.6 Payment in U.S. Dollars

All payment obligations of the Borrower under this Agreement are required by the terms hereof to be paid in U.S. dollars, and the Borrower has received all required approvals, consents, licences and permissions to make and may make such payments in U.S. dollars.

11.7 No Material Proceedings

Except to the extent disclosed in Schedule II to the Side Letter, there are no legal or governmental proceedings pending or subject to appeal or, to the best knowledge of the Borrower, threatened before any court, tribunal, arbitration panel or Agency to which the Borrower or any of the Significant Subsidiaries is a party or to which any of the properties of the Borrower or any of the Significant Subsidiaries is subject which might, singly or in the aggregate, (a) prohibit the execution and delivery of this Agreement or the Borrower's compliance with its obligations hereunder, (b) adversely affect the right and power of the Borrower to enter into this Agreement or (c) could have any Material Adverse Effect.

11.8 No Violations

Neither the Borrower nor any of the Significant Subsidiaries (i) is in violation of its respective charter documents, articles of association or by-laws or equivalent constitutive documents, (ii) is in default of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties or assets is subject, or (iii) is in violation of any law, ordinance, governmental rule, regulation or court decree or licence to which it or its properties or assets may be subject, except in the case of clauses (ii) and (iii) above, such defaults or violations which would not have a Material Adverse Effect.

11.9 Environmental and Labour Laws

Neither the Borrower nor any of the Significant Subsidiaries has violated any (a) applicable Russian or foreign, including in each instance federal, state or local, law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"), (b) any applicable Russian or foreign, including in each instance federal, state or local, law or regulation relating to discrimination in the hiring, promotion or pay of employees nor (c) any applicable Russian or foreign, including in each instance, federal, state or local, wages and hours laws or regulations, which in the case of (a), (b) or (c) above might reasonably be expected to have any Material Adverse Effect.

There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, licence or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have any Material Adverse Effect.

11.10 Good and Marketable Title

Except to the extent disclosed in Schedule II to the Side Letter, or such as are not material to the business, prospects, financial condition or results of operations of the Borrower and its Significant Subsidiaries, taken as a whole, each of the Borrower and its Significant Subsidiaries has good and marketable title, free and clear of all Liens, except Liens for Taxes not yet due and payable, to all property and assets described in Schedule I and Schedule II to the Side Letter as being owned by it. Except to the extent disclosed in Schedule I and Schedule II to the Side Letter, all leases to which the Borrower or any of its Significant Subsidiaries is a party and which are material to the operations of the Borrower and the Significant Subsidiaries, taken as a whole, are valid and binding and no default has occurred or is continuing thereunder, which might result in a Material Adverse Effect, and the Borrower and its Significant Subsidiaries enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Borrower or such Significant Subsidiary.

11.11 Permits and Licences

Each of the Borrower and its Significant Subsidiaries has such permits, licences, permissions, allocations, compliance certificates and authorisations of governmental or regulatory authorities ("**permits**"), including, without limitation, licences issued by the Ministry of Information Technologies and Communications of the Russian Federation (or any successor), or the Ministry of Transport and Communications of the Republic of Kazakhstan (or any successor), and permissions issued by the Federal Communication Agency and/or the Federal Surveillance Service for Communications (Gossvyaznadzor) (or any successors), or the Committee for Informatization and Communications of the Republic of Kazakhstan (or any successor) as are necessary to own, lease and operate its respective properties and to conduct its business in the regions, which regions are set forth in Schedule I and Schedule II to the Side Letter except where the failure to have such permits would not have a Material Adverse Effect. Except to the extent disclosed in Schedule II to the Side Letter, each of the Borrower and its Significant Subsidiaries has fulfilled and performed all their material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit; and, except as disclosed in Schedule II to the Side Letter, such permits contain no restrictions or are subject to any orders or instructions that have or that the Borrower could reasonably expect to have a Material Adverse Effect.

11.12 Intellectual Property

Except to the extent disclosed in Schedule II to the Side Letter, the Borrower and the Significant Subsidiaries possess the material patents, patent rights, licences, inventions, copyrights, know-how, including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures, trademarks, service marks and trade names employed by them in connection with the business as it is currently being conducted as described in Schedule I and Schedule II to the Side Letter, and neither the Borrower nor any of the Significant Subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to the foregoing which, singly or in the aggregate, if the subject of an unfavourable decision, ruling or finding, could have a Material Adverse Effect.

11.13 Labour Relations

No labour strike, dispute, disturbance, lockout, slowdown or stoppage of employees of the Borrower or any of the Significant Subsidiaries currently exists and, to the best knowledge of the Borrower, no such action is threatened or imminent.

11.14 Adequate Insurance

The Borrower and each of the Significant Subsidiaries are insured by insurers of recognised financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged in the jurisdiction where they operate, respectively; neither the Borrower nor any of the Significant Subsidiaries has been refused any insurance coverage sought or applied for; and neither the Borrower nor any of the Significant Subsidiaries has any reason to believe that they will not be able to renew their existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue their business at a cost that would not have a Material Adverse Effect, except, in each case, as disclosed in Schedule II to the Side Letter.

11.15 Taxes

To the best knowledge of the Borrower, each of the Borrower and the Significant Subsidiaries has duly filed with the appropriate Taxing Authorities, or has received an extension for filing with respect to, all tax returns, reports and other information required to be filed by it, and each such tax return, report, or other information was, when filed, accurate and complete; and, except as disclosed in Schedule II to the Side Letter, each of the Borrower and the Significant Subsidiaries has duly paid, or has made adequate reserves for, all Taxes required to be paid by it and any other assessment, fine or penalty levied against it, and to the best of the Borrower's knowledge, no Tax deficiency is currently asserted against the Borrower or any of the Significant Subsidiaries.

11.16 No Withholding or Similar Tax

Under current laws and regulations of Russia and Ireland and any respective political subdivisions thereof, and based upon the representations of the Lender set forth in Clause 8.6 (*Representations of the Lender*) hereof, all payments of principal and/or interest, Additional Amounts, Tax Indemnity Amounts or any other amounts payable on or in respect of the Loan may be paid by the Borrower to the Lender in U.S. dollars and will not be subject to Taxes under laws and regulations of Russia, or any political subdivision or Taxing Authority thereof or therein, respectively, and will otherwise be free and clear of any other Tax, duty, withholding or deduction in Ireland, Russia, or any political subdivision or Taxing Authority thereof or therein (provided, however, that the Borrower makes no representation as to any income or similar Tax of Ireland (or any Qualifying Jurisdiction) which may be assessed thereon) and without the necessity of obtaining any governmental authorisation in Russia or any political subdivision or Taxing Authority thereof or therein.

11.17 Not an Investment Company

Neither the Borrower nor any of its Subsidiaries is and, after giving effect to the Loan and the application of the proceeds thereof will not be, required to register as an "investment company" as defined in the U.S. Investment Company Act of 1940, as amended.

11.18 Rating

No Rating Agency has imposed (or has informed the Borrower that it is considering imposing) any condition (financial or otherwise) on the Borrower's retaining any rating assigned to the Borrower or any securities of the Borrower and, other than in connection with the proposed Weather Transaction, no Rating Agency has indicated to the Borrower that it is considering (i) the downgrading, suspension or withdrawal of, or any review for a possible change that does not indicate the direction of the possible change in, any rating so assigned or (ii) any change in the outlook for any rating of the Borrower, as applicable, or any securities of the Borrower.

11.19 No Liquidation or Similar Proceedings

No proceedings have been commenced for the purposes of, and no judgement has been rendered for, the liquidation, bankruptcy or winding-up of the Borrower or any of its Significant Subsidiaries.

11.20 Certificates

Each certificate signed by any director or officer of the Borrower and delivered to the Lender or counsel for the Lender on the date of the making of the Loan shall be deemed to be a representation and warranty by the Borrower to the Lender as to the matters covered thereby.

11.21 Pari Passu Obligations

The obligations of the Borrower under this Agreement will rank at least pari passu in right of payment with all other unsecured and unsubordinated obligations of the Borrower, except as otherwise provided by mandatory provisions of applicable law.

11.22 No Stamp Taxes

Under the laws of Russia in force at the date hereof, it is not necessary that any stamp, registration or similar Tax be paid on or in relation to this Agreement.

11.23 No Events of Default

No event has occurred or circumstances arisen which would (whether or not with the giving of notice and/or the passage of time) constitute an event described in Clause 15 (*Events of Default*).

11.24 Repetition

Each of the representations and warranties in Clause 11 (*Representations and Warranties of the Borrower*) shall be deemed to be repeated by the Borrower on the date of the making of the Loan.

12. REPRESENTATIONS AND WARRANTIES OF THE LENDER

In addition to the representations and warranties set forth in Clause 8.6 (*Representations of the Lender*), the Lender makes the following representations and warranties and acknowledges that the Borrower has entered into this Agreement in reliance on those representations and warranties.

12.1 Status

The Lender is duly incorporated under the laws of Ireland and is resident for Irish taxation purposes in Ireland and has full corporate power and authority to enter into this Agreement and any other agreements relating to the agreed funding source, and to undertake and perform the obligations expressed to be assumed by it herein and therein.

12.2 Authorisation

Each of this Agreement and any other agreements entered into in connection with the agreed funding source has been duly authorised, executed and delivered by the Lender, and is a legal, valid and binding obligation of the Lender, enforceable against the Lender in accordance with its terms, except that the enforcement thereof may be subject to bankruptcy, insolvency, fraudulent conveyance, reorganisation, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles.

12.3 Consents and Approvals

All authorisations, consents and approvals required by the Lender in Ireland for or in connection with the execution of this Agreement and any other agreements relating to the agreed funding source and the performance by the Lender of the obligations expressed to be undertaken in such agreements have been obtained and are in full force and effect.

12.4 No Conflicts

The execution of this Agreement and any other agreements relating to the agreed funding source and the undertaking and performance by the Lender of the obligations expressed to be assumed by it herein and therein will not conflict with, or result in a breach of or default under, the laws of Ireland.

13. FINANCIAL INFORMATION

13.1 Delivery

In addition to the Borrower's obligations under Clause 14.1 (*Financial Information*), the Borrower shall supply or procure to be supplied to the Lender, in sufficient copies as may reasonably be required by the Lender, all such information as it may require in connection with (i)(x) the requirements of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 on prospectuses for securities and (y) the requirements of the Companies Acts 1963-2009 (as amended) or (ii) as the Irish Stock Exchange (or any other or further stock exchange or stock exchanges or any other relevant authority or authorities on which the instruments issued to the agreed funding source may, from time to time, be listed or admitted to trading) may require in connection with the listing or admittance to trading on such stock exchange or relevant authority of instruments issued to the agreed funding source.

14. COVENANTS

14.1 Financial Information

(a) Whether or not required by the rules and regulations of the Commission, so long as the Loan or any other sum owing hereunder remains outstanding, the Borrower undertakes that it shall deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements):

(i) all annual financial information of VimpelCom Ltd. (including, without limitation, VimpelCom Ltd.'s audited financial statements for such fiscal year, prepared in accordance with GAAP or IFRS, as applicable, consistently applied with the corresponding financial statements for the preceding period (except with respect to

(i) VimpelCom Ltd.'s initial audited financial statements for its first fiscal year and (ii) VimpelCom Ltd.'s initial audited financial statements for the first fiscal year VimpelCom Ltd. prepares such statements in accordance with IFRS)) that would be required to be contained in a filing with the Commission on Form 20-F if VimpelCom Ltd. were required to file such form, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a report thereon of VimpelCom Ltd.'s certified independent accountants;

(ii) the Borrower's annual audited financial statements for each fiscal year, prepared in accordance with GAAP or IFRS, as applicable, consistently applied with the corresponding financial statements for the preceding period (except with respect to the Borrower's initial audited financial statements for the first fiscal year the Borrower prepares such statements in accordance with IFRS) and a report thereon of the Borrower's certified independent accountants;

(iii) the Borrower's and VimpelCom Ltd.'s respective quarterly reports containing unaudited financial statements and financial information for the first three quarters of each fiscal year, which quarterly financial statements will be prepared in accordance with GAAP or IFRS, as applicable, consistently applied with the corresponding financial statements for the preceding period (except with respect to (i) VimpelCom Ltd.'s first three unaudited quarterly financial statements, (ii) the Borrower's initial quarterly financial statements for the first quarter the Borrower prepares such statements in accordance with IFRS and (iii) VimpelCom Ltd.'s initial quarterly financial statements for the first quarter VimpelCom Ltd. prepares such statements prepared in accordance with IFRS); and

(iv) all reports of VimpelCom Ltd. that would be required to be filed with the Commission on Form 6-K whether or not VimpelCom Ltd. is subject to such filing requirement.

(b) The Borrower shall furnish to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) such annual financial information of VimpelCom Ltd. and the Borrower's annual audited financial statements within 180 days after the end of each fiscal year and such quarterly reports within 90 days after the end of each of the first three fiscal quarters of each year.

(c) Delivery of such reports, information and documents to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) pursuant to this Clause 14.1(c) is for informational purposes only and the Lender's receipt (and, following the execution of any other agreements entered into in connection with the agreed funding source, receipt by the party designated by such agreements) of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants hereunder (as to which the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) is entitled to rely exclusively on Officers' Certificates).

14.2 Compliance Certificate

(a) The Borrower shall deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), on or before a date not more than 180 days after the end of each fiscal year of the Borrower, and within 14 days of a request from the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), an Officers' Certificate stating that a review of the activities of the Borrower and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Borrower has kept, observed, performed and fulfilled its obligations under, and complied with the covenants and conditions contained in, this Agreement, and further stating, as to the Officers signing such certificate, that to the best of each of their knowledge the Borrower has kept, observed, performed and fulfilled each and every covenant, and complied with the covenants and conditions contained in this Agreement and is not in default in

the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he may have knowledge).

(b) One of the Officers signing such Officers' Certificate shall be either the Borrower's Chief Executive Officer, Chief Financial Officer or Controller.

(c) The Borrower will, so long as the Loan or any other sum owing hereunder remains outstanding, deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), forthwith upon becoming aware of any Default or Event of Default an Officers' Certificate specifying such Default or Event of Default and the action which the Borrower proposes to take with respect thereto.

14.3 Corporate Existence

(a) The Borrower will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the corporate, partnership or other existence of each Subsidiary of the Borrower in accordance with the respective organizational documents of each Subsidiary and the rights (charter and statutory), licences (including Material Mobile Licences) and franchises of the Borrower and its Subsidiaries; provided, however, that the Borrower shall not be required to preserve any such right, licence or franchise, or the corporate, partnership or other existence of any such Subsidiary, if the Board of Directors of the Borrower shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower and its Subsidiaries taken as a whole and that the loss thereof is not adverse in any material respect to the agreed funding source.

(b) Notwithstanding Clause 14.3(a) above, the termination, revocation, suspension, withdrawal, other cessation of effectiveness (including, without limitation, the voluntary surrender) or transfer to any entity that is not the Borrower or any of its Subsidiaries of one or more mobile telecommunications licences held by the Borrower or any Subsidiary required for the provision of mobile telecommunications services, including mobile Internet and e-commerce services, as a result of which the Borrower or any of its Subsidiaries would cease to hold Material Mobile Licences for a period of more than 90 days without being replaced or reinstated, or the non-renewal of one or more mobile telecommunications licences held by the Borrower or any Subsidiary required for the provision of mobile telecommunications services, including mobile Internet and e-commerce services, as a result of which the Borrower or any of its Subsidiaries would cease to hold Material Mobile Licences on the expiration of the term thereof for a period of more than 90 days without being re-issued or replaced, shall constitute a breach of this covenant; provided, however, that any such voluntary surrender or transfer of licenses by the Borrower meeting the requirements of, and permitted under, Clause 21.4 (*Substitution of the Borrower)* shall not constitute a breach of this covenant.

(c) The Borrower shall notify the Lender in writing of any Subsidiary that qualifies as a Significant Subsidiary and is not specified in clause (a) of the definition thereof.

14.4 Liens

The Borrower shall not, and shall not permit any Subsidiary to create, Incur, assume or suffer to exist any Lien (other than Permitted Liens) on any asset now owned or hereafter acquired, or any income or profits therefrom, which secure any Indebtedness, unless the Loan and any other sum owing hereunder are secured by a Lien equally and rateably with the Liens securing such other Indebtedness; provided that if such Indebtedness is Subordinated Indebtedness, the Lien securing such Indebtedness shall be subordinate or junior to the Lien securing the Loan, with the same relative priority as such Indebtedness shall have with respect to the Loan.

15. EVENTS OF DEFAULT

15.1 Circumstances which constitute Events of Default

Each of the following constitutes an "**Event of Default**" with respect to the Loan:

(a) default in the payment of principal of the Loan, in the currency and in the manner provided herein, when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest on the Loan, in the currency and in the manner provided herein, when the same becomes due and payable, and such default continues for a period of 15 calendar days;

(c) default in the performance of, or breaches of, any covenant or agreement of the Borrower hereunder or under the Loan (other than a breach of a representation or warranty of the Borrower under Clause 11 (*Representations and Warranties of the Borrower*) (other than a default specified in Clause 15.1(a) and (b) above) and such default or breach continues for a period of 30 consecutive calendar days after written notice by the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, by the party designated by such agreements);

(d) default on any Indebtedness of the Borrower or any of its Subsidiaries with an aggregate principal amount in excess of US$40 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) (i) resulting from the failure to pay principal or interest (in the case of interest default or a default in the payment of principal other than at its Stated Maturity, after the expiration of the originally applicable grace period) in an aggregate amount in excess of US$5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) when due or (ii) as a result of which the maturity of such Indebtedness has been accelerated prior to its Stated Maturity;

(e) any final judgment or order (not covered by insurance) for the payment of money in excess of US$40 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount) in the aggregate for all such final judgments or orders against all such Persons (treating any deductibles, self-insurance or retention as not so covered) shall be rendered against the Borrower or any Significant Subsidiary and shall not be paid or discharged, and there shall be any period of 60 consecutive calendar days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount) during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(f) any regulation, decree, consent, approval, licence or other authority necessary to enable the Borrower to enter into or perform its obligations under this Agreement or for the validity or enforceability thereof shall expire or be withheld, revoked or terminated or otherwise cease to remain in full force and effect or shall be modified in a manner which adversely affects any rights or claims of the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, of the party designated by such agreements);

(g) the validity of this Agreement is contested by the Borrower or the Borrower shall deny any of its obligations under this Agreement; or it is, or will become, unlawful for the Borrower to perform or comply with any of its obligations under or in respect of this Agreement or any of such obligations shall become unenforceable or cease to be legal, valid and binding;

(h) a decree, judgment, or order by any Agency or a court of competent jurisdiction shall have been entered adjudging the Borrower or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganisation of the Borrower or any of its Significant Subsidiaries under any bankruptcy or similar law, and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or a decree or order of a court of competent jurisdiction over the appointment of a receiver, liquidator, trustee, or assignee in bankruptcy or insolvency of the Borrower or any of its Significant Subsidiaries, or any substantial part of the assets or property of any such Person, or for the winding up or liquidation of the affairs of any such Person,

shall have been entered, and such decree, judgment or order shall have remained in force undischarged and unstayed for a period of 60 days; or

(i) the Borrower or any of its Significant Subsidiaries shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganisation under any bankruptcy or similar law or similar statute, or shall consent to the filing of any such petition, or shall consent to the appointment of a custodian, receiver, liquidator, trustee or assignee in bankruptcy or insolvency of it or any substantial part of its assets or property, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall, within the meaning of any Bankruptcy Law, become insolvent, fail generally to pay its debts as they become due, or takes any corporate action in furtherance of or to facilitate, conditionally or otherwise, any of the foregoing.

15.2 Rights of Lender upon occurrence of an Event of Default

(a) If an Event of Default occurs under this Agreement and is continuing, the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) may, by written notice (an "Acceleration Notice") to the Borrower, if the Lender, (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) receives written instructions from the agreed funding source,

(i) declare the obligations of the Lender hereunder to be terminated, whereupon such obligations shall terminate, and

(ii) declare the principal amount of, and accrued and unpaid interest, Additional Amounts and Tax Indemnity Amounts, if any, on the Loan to be immediately due and payable and the same shall become immediately due and payable,

pursuant to and in accordance with the terms of any agreements entered into in connection with the agreed funding source.

(b) If an Event of Default specified in Clause 15.1(h) or (i) occurs with respect to the Borrower, the obligations of the Lender hereunder shall immediately terminate, and the principal amount of, and accrued and unpaid interest, Additional Amounts and Tax Indemnity Amounts, if any, on the Loan then outstanding shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, of the party designated by such agreements), all without diligence, presentment, demand of payment, protest or notice of any kind, which are expressly waived by the Borrower.

15.3 Other Remedies

If an Event of Default occurs and is continuing, the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) may pursue any available remedy to collect the payment of principal or interest on the Loan or to enforce the performance of any provision of the Loan or this Agreement. A delay or omission by the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, by the party designated by such agreements) in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

15.4 Notification of Default or Event of Default

The Borrower shall promptly on becoming aware thereof inform the Lender of the occurrence of any Default or Event of Default and, upon receipt of a written request to that effect from the Lender, confirm to the Lender that, save as previously notified to the Lender or as notified in such confirmation, no Default or Event of Default has occurred.

16. DEFAULT INTEREST AND INDEMNITY

16.1 Default Interest Periods

If any sum due and payable by the Borrower hereunder is not paid on the due date therefore in accordance with the provisions of Clause 19 (*Payments*) or if any sum due and payable by the Borrower under any judgement of any court in connection herewith is not paid on the date of such judgment, the period beginning on such due date or, as the case may be, the date of such judgment and ending on the date upon which the obligation of the Borrower to pay such sum (the balance thereof for the time being unpaid being herein referred to as an "**unpaid sum**") is discharged shall be divided into successive periods, each of which, other than the first, shall start on the last day of the preceding such period and the duration of each of which shall, except as otherwise provided in this Clause 16 (*Default* I*nterest and Indemnity*), be selected by the Lender, but shall in any event not be longer than one month.

16.2 Default Interest

During each such period relating thereto as is mentioned in Clause 16.1 *(Default Interest Periods*) an unpaid sum shall bear interest at a rate per annum equal to the Interest Rate.

16.3 Payment of Default Interest

Any interest which shall have accrued under Clause 16.2 (*Default Interest*) in respect of an unpaid sum shall be due and payable and shall be paid by the Borrower at the end of the period by reference to which it is calculated or on such other dates as the Lender may specify by written notice to the Borrower.

16.4 Borrower's Indemnity

The Borrower undertakes to indemnify the Lender against any reasonably incurred and properly documented cost, claim, loss, expense (including legal fees) or liability, together with any VAT thereon, which it may sustain or incur as a consequence of the occurrence of any Event of Default or any default by the Borrower in the performance of any of the obligations expressed to be assumed by it in this Agreement or the substitution of the Borrower pursuant to Clause 21.4.

The Borrower also undertakes to indemnify the Lender against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees) (each a "Loss") arising out of, or in connection with any instruments issued to the agreed funding source, or based on any dispute or issue arising out of, or in connection with, any instruments issued to the agreed funding source unless, in circumstances where this indemnity is enforced by someone other than an assignee under Clause 21.3(a), such Loss was either caused by the Lender's negligence or wilful misconduct or arises out of a breach of any representations, warranties or undertakings of the Lender contained herein (or, following the execution of any other agreements entered into in connection with the agreed funding source, in such other agreements).

For the avoidance of doubt, it is understood that the Lender may not recover twice from the Borrower in respect of the same Loss.

16.5 Unpaid Sums as Advances

Any unpaid sum shall, for the purposes of this Clause 16 (*Default Interest and Indemnity*) and Clause 10.1 (*Increased Costs*), be treated as an advance and accordingly in this Clause 16 (*Default Interest and Indemnity*) and Clause 10.1 (*Increased Costs*) the term "Loan" includes any unpaid sum and the term "Interest Period," in relation to an unpaid sum, includes each such period relating thereto as is mentioned in Clause 16.1 (*Default Interest Periods*).

17. AMENDMENTS TO AGREED FUNDING SOURCE AGREEMENTS

Any amendment to, or waivers of any provision of, any agreements entered into in connection with the agreed funding source shall be prohibited without the express written consent of the Borrower, which consent shall not be unreasonably withheld (other than amendments or waivers that are made pursuant to

any legal, regulatory or accounting requirement, with respect to which the Lender shall consult with the Borrower to the extent reasonably practicable).

18. CURRENCY OF ACCOUNT AND PAYMENT

18.1 Currency of Account

The U.S. dollar is the currency of account and payment for each and every sum at any time due from the Borrower hereunder.

18.2 Currency Indemnity

If any sum due from the Borrower under this Agreement or any order or judgment given or made in relation hereto has to be converted from the currency (the "**first currency**") in which the same is payable hereunder or under such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Borrower, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation hereto, the Borrower shall indemnify and hold harmless the Lender from and against any loss suffered or reasonably Incurred as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Lender may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

19. PAYMENTS

19.1 Payments to the Lender

On each date on which this Agreement requires an amount denominated in U.S. dollars to be paid by the Borrower, the Borrower shall make the same available to the Lender by payment in U.S. dollars and in same day funds on such date, or in such other funds as may for the time being be customary in London for the settlement in London of international banking transactions in U.S. dollars, to the Account. The Borrower shall procure that the bank effecting payment on its behalf confirms to the Lender or to such person as the Lender may direct by tested telex or authenticated SWIFT message three Business Days prior to the date that such payment is required to be made by this Agreement the payment instructions relating to such payment.

19.2 Alternative Payment Arrangements

If, at any time, it shall become impracticable, by reason of any action of any governmental authority or any Change of Law, exchange control regulations or any similar event, for the Borrower to make any payments hereunder in the manner specified in Clause 19.1 (*Payments to the Lender*), then the Borrower may agree with the Lender alternative arrangements for such payments to be made; provided that, in the absence of any such agreement, the Borrower shall be obliged to make all payments due to the Lender in the manner specified herein.

19.3 No Set off

All payments required to be made by the Borrower hereunder shall be calculated without reference to any set off or counterclaim and shall be made free and clear of and without any deduction for or on account of any set off or counterclaim.

20. COSTS AND EXPENSES

20.1 Transaction Expenses and Fees

In consideration of the Lender making the Loan to the Borrower, the Borrower agrees to pay the Lender a certain amount in respect of its costs, fees and expenses, pursuant to the Arrangement Fee Letter.

20.2 Preservation and Enforcement of Rights

The Borrower shall, from time to time on demand of the Lender and following receipt from the Lender of a description in writing in reasonable detail of the relevant costs and expenses, together with the relevant

supporting documents evidencing the matters described therein, reimburse the Lender for all costs and expenses, including legal fees, together with any VAT thereon properly Incurred in or in connection with the preservation and/or enforcement of any of its rights under this Agreement except where the relevant claim is successfully defended by the Borrower.

20.3 Stamp Taxes

The Borrower shall pay all stamp, registration and other similar Taxes to which this Agreement or any judgement given against the Borrower in connection herewith is or at any time may be subject and shall, from time to time on demand of the Lender, indemnify the Lender against any properly documented liabilities, costs, expenses and claims resulting from any failure to pay or any delay in paying any such Tax.

20.4 Lender's Costs

The Borrower shall, from time to time on demand of the Lender, and without prejudice to the provisions of Clause 20.2 (*Preservation and Enforcement of Rights*), compensate the Lender at such daily and/or hourly rates as the Lender shall from time to time reasonably determine for the time and expenditure, all costs and expenses (including telephone, fax, copying, travel and personnel costs) reasonably Incurred and properly documented by the Lender in connection with its taking such action as it may deem appropriate or in complying with any request by the Borrower in connection with:

(a) the granting or proposed granting of any waiver or consent requested hereunder by the Borrower;

(b) any actual breach by the Borrower of its obligations hereunder; or

(c) any amendment or proposed amendment hereto requested by the Borrower.

20.5 Lender's Ongoing Costs

The Borrower shall pay, on demand, to the Lender each year all properly documented ongoing commissions and costs related to the Loan and any instruments issued to the agreed funding source, including any cost required to maintain the Lender as an incorporated company in Ireland (including, but not limited to, any taxes, counsels' fees, auditors fees, fees of the Lender's corporate services provider, stock exchange fees and any anticipated winding-up expenses payable by the Lender).

21. ASSIGNMENTS, TRANSFERS AND SUBSTITUTION

21.1 Binding Agreement

This Agreement shall be binding upon and inure to the benefit of each party hereto and its or any subsequent successors and assigns.

21.2 No Assignments and Transfers by the Borrower

The Borrower shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder save in accordance with Clause 21.4.

21.3 Assignments by the Lender

The Lender shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder save in accordance with this Clause 21.3.

(a) Prior to an Event of Default, the Lender may (i) on or at any time after the date hereof assign all or any of its rights and benefits hereunder or transfer all or any of its rights, benefits and obligations hereunder (save for (x) its rights to principal, interest and other amounts paid and payable under this Agreement and (y) its right to receive amounts paid and payable under any claim, award or judgment relating to this Agreement in favour of the agreed funding source (other than any rights arising under the indemnity in relation to instruments issued to the agreed funding source described in the second paragraph of Clause 16.4 (Borrower's Indemnity) (the "afs indemnity")) to or on behalf of the agreed funding source or, in the case of an assignment of the afs indemnity, to any relevant party who suffers or incurs, as the case may be, any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees) arising out of, or in connection with, or based on any

dispute or issue arising in connection with any documents or agreements entered into on or around the date hereof to which the relevant party is party with either the Lender or the Borrower; and (ii) subject to the prior written consent of the Borrower (such consent not to be unreasonably withheld or delayed) and except as may be otherwise specifically provided under the agreements entered into in connection with the agreed funding source, assign all or any of its rights and benefits hereunder or transfer all or any of its rights, benefits and obligations hereunder to any company which, as a result of any amalgamation, merger or reconstruction or which, as a result of any agreement with the Lender, or any previous substitute, owns beneficially the whole or substantially the whole of the undertaking, property and assets owned by the Lender prior to such amalgamation, merger, reconstruction or agreement coming into force and where, in the case of any company which will own the whole or substantially the whole of the undertaking, property or assets of the Lender, the substitution of that company as principal debtor in relation to the agreed funding source would not be materially prejudicial to the interests of the agreed funding source or the Borrower. Any reference in this agreement to any such assignee or transferee pursuant to sub-Clause (ii) of this Clause 21.3(a) shall be construed accordingly and, in particular, references to the rights, benefits and obligations hereunder of the Lender, following such assignment or transfer, shall be references to such rights, benefits or obligations by the assignee or transferee.

(b) On or following an Event of Default, the Lender may, by notice to the Borrower, assign all or any of its rights and benefits hereunder or transfer all or any of its rights, benefits and obligations hereunder to the agreed funding source, or any assignee or transferee appointed in connection with the agreed funding source. Any reference in this agreement to any such assignee or transferee shall be construed accordingly and, in particular, references to the rights, benefits and obligations hereunder of the Lender, following such assignment or transfer, shall be references to such rights, benefits or obligations by the assignee or transferee appointed in connection with the agreed funding source.

21.4 Substitution of the Borrower

Notwithstanding the provisions of Clause 14.3, Clause 14.3(a) shall not apply to any merger or consolidation by the Borrower with or into another Person (the "**Substitute**") provided that:

(a) the substitution results directly from the merger or consolidation by the Borrower with the Substitute as a result of which all or substantially all of the assets and undertaking of the Borrower are transferred to the Substitute;

(b) immediately before and after giving effect to the substitution, no Default or Event of Default shall have occurred and be continuing;

(c) such agreements are executed or such other forms of undertaking are given by the Substitute to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), in form and manner satisfactory to the Lender and such designated party, as the case may be, agreeing to be bound by the terms of this Agreement and any other document to which the Borrower is party in connection with this Agreement (and, following the execution of any other agreements entered into in connection with the agreed funding source, such other agreements) with any consequential or other amendments which may be appropriate as fully as if the Substitute had been named in this Agreement as the principal debtor in place of the Borrower;

(d) arrangements are made to the satisfaction of the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) for the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the agreed funding source and the party designated by such agreements) to have or be able to have the same or equivalent rights against the Substitute as it has against the Borrower;

(e) the Substitute shall have acquired the rights and assumed the obligations of the Borrower under or in connection with this Agreement and the Arrangement Fee Letter (and, following the execution of any other agreements entered into in connection with the agreed funding source, such other agreements) and such amendments to this Agreement (and, following the execution of any other

agreements entered into in connection with the agreed funding source, to such other agreements) and such other documents in connection therewith, as the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) may reasonably require shall have been made;

(f) the Borrower and the Substitute comply with such other reasonable requirements as the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) may direct in its interests;

(g) the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) is satisfied that the Substitute has obtained all governmental and regulatory and internal corporate approvals and consents necessary for its assumption of the obligations and liabilities under the Loan Agreement (and, following the execution of any other agreements entered into in connection with the agreed funding source, such other agreements) and any other documents in connection therewith in place of the Borrower and such approvals and consents are at the time of substitution in full force and effect; and

(h) the Borrower shall have delivered to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) an opinion of an independent lawyer or of Ernst & Young, KPMG, Deloitte or PricewaterhouseCoopers (or, in each case, any successor in business) to the effect that neither the Lender nor the agreed funding source will recognise income, gain or loss for tax purposes as a result of the substitution and the Lender and the agreed funding source will be subject to taxes on the same amount and in the same manner and at the same times as would have been the case if such substitution had not occurred.

22. CALCULATIONS AND EVIDENCE OF DEBT

22.1 Basis of Accrual

Default interest shall accrue from day to day and shall be calculated on the basis of a year of 360 days consisting of 12 30-day months.

22.2 Evidence of Debt

The Lender shall maintain, in accordance with its usual practice, accounts evidencing the amounts from time to time lent by and owing to it hereunder; in any legal action or proceeding arising out of or in connection with this Agreement, in the absence of manifest error and subject to the provision by the Lender to the Borrower of written information describing in reasonable detail the calculation or computation of such amounts together with the relevant supporting documents evidencing the matters described therein, the entries made in such accounts shall be conclusive evidence of the existence and amounts of the obligations of the Borrower therein recorded.

22.3 Change of Circumstance Certificates

A certificate signed by two authorised signatories of the Lender describing in reasonable detail (a) the amount by which a sum payable to it hereunder is to be increased under Clause 8.1 (*Additional Amounts*) or (b) the amount for the time being required to indemnify it against any such cost, payment or liability as is mentioned in Clause 8.3 (*Tax Indemnity*) or Clause 10.1 (*Increased Costs*) shall, in the absence of manifest error, be prima facie evidence of the existence and amounts of the specified obligations of the Borrower.

23. REMEDIES AND WAIVERS, PARTIAL INVALIDITY

23.1 Remedies and Waivers

No failure by the Lender to exercise, nor any delay by the Lender in exercising, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

23.2 Partial Invalidity

If, at any time, any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

24. NOTICES; LANGUAGE

24.1 Communications in Writing

Each communication to be made hereunder shall be made in writing and, unless otherwise stated, shall be made by fax, telex, or letter.

24.2 Delivery

Any communication or document to be made or delivered by one person to another pursuant to this Agreement shall, unless that other person has by 15 calendar days' written notice to the same specified another address, be made or delivered to that other person at the address identified with its signature below and shall be effective upon receipt by the sender of the addressee's answerback at the end of transmission (in the case of a telex) or when left at that address (in the case of a letter) or when received by the addressee (in the case of a fax). Provided that any communication or document to be made or delivered by one party to the other party shall be effective only when received by such other party and then only if the same is expressly marked for the attention of the department or officer identified with the such other party's signature below, or such other department or officer as such other party shall from time to time specify for this purpose.

24.3 Language

This Agreement shall be signed in English. Each communication and document made or delivered by one party to another pursuant to this Agreement shall be in the English language or accompanied by a translation thereof into English certified by an officer of the person making or delivering the same as being a true and accurate translation thereof.

25. LIMITED RECOURSE AND NON-PETITION

25.1 Non-Petition

Neither the Borrower nor any other person acting on their behalf shall be entitled at any time to institute against the Lender, or join in any institution against the Lender of, any bankruptcy, administration, moratorium, reorganisation, controlled management, arrangement, insolvency, examinership, winding-up or liquidation proceedings or similar insolvency proceedings under any applicable bankruptcy or similar law in connection with any obligation of the Lender under this Agreement, save for lodging a claim in the liquidation of the Lender which is initiated by another person or taking proceedings to obtain a declaration or judgment as to the obligations of the Lender.

25.2 Limited Recourse

The Borrower hereby agrees that it shall have recourse in respect of any claim against the Lender only to sums in respect of principal, interest or other amounts (if any), as the case may be, received and retained by or for the account of the Lender pursuant to this Agreement (the "Lender Assets"), subject always to any security interests granted in favour of the agreed funding source. Following the enforcement of any security interests granted in favor of the agreed funding source, neither the Borrower nor any person acting on its behalf shall be entitled to take any further steps against the Lender to recover any further sums and no debt shall be owed by the Lender to such person in respect of any such further sum.

No party to this Agreement shall have any recourse against any director, shareholder, or officer of the Lender in respect of any obligations, covenants or agreement entered into or made by the Lender in respect of this Agreement, except to the extent that any such person acts in bad faith or is negligent in the context of its obligations.

26. LAW AND JURISDICTION

26.1 English Law

This Agreement, and any non-contractual matters arising in connection therewith, is governed by, and shall be construed in accordance with, English law.

26.2 Arbitration

Subject to Clause 26.3, the Lender and the Borrower hereby agree that any dispute, controversy, claim or difference of whatever nature howsoever arising out of or in connection with this Agreement, or any supplement, modifications or additions thereto (including any question regarding the subject matter, existence, negotiation, validity, termination or enforceability of such agreement and also including any non-contractual disputes or claims arising out of such agreement) (each a "Dispute") shall be finally and exclusively resolved by confidential arbitration under the Rules of Arbitration of the London Court of International Arbitration (the "LCIA Rules"), which rules are deemed to be incorporated by reference into this Clause 26.2 (save that any provision of the LCIA Rules which purports to exclude an individual from appointment to the Arbitral Tribunal on grounds of nationality shall not apply).

The procedure for arbitration will be as follows:

(a) The Arbitral Tribunal shall consist of three arbitrators.

(b) Each of the two parties shall be entitled to nominate one arbitrator for appointment by the LCIA Court in accordance with the LCIA Rules. In the event that either of the two parties fails to nominate an arbitrator within the time limits specified by the LCIA Rules, such arbitrator shall be appointed promptly by the LCIA Court. The third arbitrator, who shall be the chairman of the Arbitral Tribunal, shall be nominated jointly by the first two arbitrators within 14 days of the confirmation of the appointment of the second arbitrator, or in default of agreement, appointed by the LCIA Court.

(c) The seat of the arbitration shall be London, England and the language of the arbitration shall be English. Any award shall be issued in English. The parties agree to exclude the jurisdiction of the English court under section 45 (determination of preliminary point of law) and 69 (appeal on point of law) of the Arbitration Act 1996.

26.3 Lender's Option to Litigate

At any time prior to the constitution of an Arbitral Tribunal pursuant to Clause 26.2, the Lender may, at its sole option, elect that any Dispute be determined by any court of competent jurisdiction, for which purposes:

(a) each of the Lender and the Borrower agrees that the courts of England shall have non-exclusive jurisdiction to hear and determine any suit, action or proceedings relating to such Dispute ("**Proceedings**"), and to settle such Dispute and, for such purposes, irrevocably submit to the jurisdiction of such courts; and

(b) each of the Lender and the Borrower irrevocably waives any objection which it might now or hereafter have to the jurisdiction of the courts of England to hear and determine any such Proceedings and to settle such Dispute, and agrees not to claim that any such court is not the most convenient or appropriate forum.

26.4 Service of Process in respect of English Court Proceedings

(a) The Lender and the Borrower agree that the process by which any Proceedings in England are begun may be served on them by being delivered to Law Debenture Corporate Services Limited.

(b) If Law Debenture Corporate Services Limited is not or ceases to be effectively appointed to accept service of process in England on the Issuer's or Borrower's behalf, as the case may be, the Issuer or the Borrower, as the case may be, shall immediately appoint a further Person in England to accept service of process on its behalf and provide notice thereof to the Lender. If within 15 days of notice from the Lender requiring the Issuer or the Borrower, as the case may be, to appoint a Person to accept service of process in England on its behalf, the Issuer or the Borrower, as the case may be,

fails to do so, the Lender shall be entitled to appoint such a Person by written notice to the Issuer or the Borrower, as the case may be.

(c) Nothing in this Clause 26.4 shall affect the right of either party hereto to serve process in any other manner permitted by law.

26.5 Non-exclusivity

The submission to the non-exclusive jurisdiction of the English courts in accordance with Clause 26.3(a) hereof shall not, and shall not be construed so as to, limit the right of the Lender to commence Proceedings in any other court of competent jurisdiction.

26.6 Consent to Enforcement, etc.

Each of the Lender and the Borrower consents generally in respect of any Disputes to the giving of any relief or the issue of any process in connection with such Disputes insofar as such relief or process is consistent with the Parties' agreement to arbitrate and Clause 26.3, including, without limitation, the making, enforcement or execution against any property whatsoever, irrespective of its use or intended use, of any order or judgement which is made or given in such Disputes.

26.7 Immunity

To the extent the Borrower may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, injunctive relief, attachment or other legal process (whether interim or final and whether in aid of execution, before judgement or otherwise) and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Borrower or its assets or revenues, the Borrower agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

26.8 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

26.9 Counterparts

This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first before written.

FORM OF THE B LOAN AGREEMENT

The form of the B Loan Agreement will be identical to that of the A Loan Agreement as described under "Form of the A Loan Agreement" above, with the following alternative or supplemental provisions:

(A) The references in the definition of "Account" to "3717478400" shall be replaced with "4425678400".

(B) The reference in the definition of "Loan" to "US$500,000,000" shall be replaced with "US$1,000,000,000".

(C) The reference in the definition of "Repayment Date" to "fifth" shall be replaced with "tenth".

(D) In Clause 2 (*The Loan*), the reference to "US$500,000,000" shall be replaced with "US$1,000,000,000".

(E) In Clause 4 (*Interest Periods*), the references to "US$16,232,500" shall be replaced with "US$38,740,000''.

(F) The reference in Clause 5.2 (*Calculation of Interest*) to "6.493%" shall be replaced with "7.748%".

DESCRIPTION OF THE ISSUER

The Issuer is a special purpose vehicle established for the purpose of issuing asset backed securities and was incorporated in Ireland as a private company with limited liability, registered number 455185 under the name VIP Finance Ireland Limited, under the Companies Acts 1963-2005 (as amended) of Ireland (the "Companies Acts") on March 28, 2008. The registered office of the Issuer is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland and the telephone number is +353 1 680 6000.

The authorized share capital of the Issuer is EUR 100 being 100 ordinary shares of par value EUR 1 each (the "Shares"). One Share has been issued and is fully paid. This Share is held on trust by Deutsche International Finance (Ireland) Limited (the "Share Trustee") under the terms of a declaration of trust (the "Declaration of Trust") dated April 4, 2008, under which the Share Trustee holds the Share on trust for charity. The Share Trustee has no beneficial interest in and derives no benefit (other than any fees for acting as Share Trustee) from its holding of the Share. The Share Trustee will apply any income derived from the Issuer solely for the above purposes.

Deutsche International Corporate Services (Ireland) Limited (the "Corporate Services Provider"), an Irish company, acts as the corporate services provider for the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into on April 4, 2008 between the Issuer and the Corporate Services Provider (the "Corporate Services Agreement"), the Corporate Services Provider performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 90 days written notice to the other party.

The Corporate Services Provider's principal office is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

Business

The principal objects of the Issuer are set forth in clause 2 of its Memorandum of Association (as currently in effect) and permit the Issuer, *inter alia,* to lend money and give credit, secured or unsecured, to issue debentures and otherwise to borrow or raise money and to grant security over its property for the performance of its obligations or the payment of money.

The Issuer is organized as a special purpose company. The Issuer was established to raise capital by the issue of debt securities and to use an amount equal to the proceeds of each such issuance to advance loans to our company. On April 28, 2008 the Issuer issued US$1,000,000,000 8.375% Loan Participation Notes due 2013 and US$1,000,000,000 9.1255% Loan Participation Notes due 2018 for the sole purpose of financing loans to our company (the "2008 Notes").

Save for the 2008 Notes, since its incorporation, the Issuer has not engaged in material activities other than those activities incidental to its registration as a private company under the Companies Acts and those related to the Notes. The Issuer has no employees.

Directors and Company Secretary

The Issuer's Articles of Association provide that the Board of Directors of the Issuer will consist of at least two Directors.

The Directors of the Issuer and their business addresses are as follows:

Eimir McGrath	5 Harbourmaster Place, IFSC, Dublin 1, Ireland
Adrian Baile	5 Harbourmaster Place, IFSC, Dublin 1, Ireland

The Issuer's Company Secretary is Deutsche International Corporate Services (Ireland) Limited.

Financial Statements

The financial year of the Issuer ends on 31 December in each year. The Issuer has prepared financial statements for the years ended 31 December 2008 and 2009.

Each year, a copy of the audited profit and loss account and balance sheet of the Issuer together with the report of the directors and the auditors thereon is required to be filed in the Irish Companies Registration Office within 28 days of the annual return date of the Issuer and is available for inspection.

The profit and loss account and balance sheet can be obtained free of charge from the registered office of the Issuer.

The auditors of the Issuer are PricewaterhouseCoopers of 1 Spencer Dock, North Wall Quay, Dublin 1, Ireland, who are chartered accountants and are members of the Institute of Chartered Accountants and registered auditors qualified to practice in Ireland.

TAX CONSIDERATIONS

The following is a general description of certain tax considerations relating to the Notes based on advice received. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences of a purchase of Notes, including but not limited to the consequences of receipt of interest and of sale or redemption of the Notes. This summary is based upon the law in effect on the date of this document and is subject to any change in law that may take effect after such date. This summary does not seek to address the applicability of, and procedures in relation to, taxes levied by regions, municipalities or other non-federal legal authorities of Russia, nor does it seek to address the availability of double tax treaty relief.

Russian Taxation General

The following is a summary of certain Russian tax considerations relevant to the purchase, ownership and disposition of the Notes, as well as concerning taxation of payments of interest on the Loans. The summary is based on the laws of Russia and the interpretations thereof by the Federal Tax Service (and its predecessor, the Russian Ministry of Taxes and Levies) as in effect on the date of this prospectus and is subject to changes that may come into effect after that date. The summary does not seek to address the applicability of, or procedures in relation to, taxes levied by regions, municipalities or other non-federal level authorities of Russia, nor does the summary seek to address the availability of double tax treaty relief in respect of the Notes, or practical difficulties involved in obtaining such double tax treaty relief. Prospective investors should consult their own tax advisers regarding the tax consequences of investing in the Notes. No representation with respect to the Russian tax consequences to any particular Noteholder is made hereby.

The provisions of the Russian Tax Code applicable to Noteholders, and transactions with the Notes are uncertain and lack interpretive guidance. Many aspects of Russian tax law are subject to significant uncertainty. Further, the substantive provisions of Russian tax law applicable to financial instruments may be subject to more rapid and unpredictable change and inconsistency than in jurisdictions with more developed capital markets and tax systems. In particular, the interpretation and application of such provisions will in practice rest substantially with local tax inspectorates.

In practice, interpretation by different tax inspectorates may be inconsistent or contradictory and may result in the imposition of conditions, requirements or restrictions not provided for by the existing legislation. Similarly, in the absence of binding precedents court rulings on tax or related matters by different courts relating to the same or similar circumstances may also be inconsistent or contradictory.

For the purposes of this summary, a "non-resident Noteholder" means: (i) a legal entity or organization, in each case not organized under Russian law, which holds and disposes of Notes otherwise than through a permanent establishment (as defined under Russian tax law) in Russia or (ii) an individual actually present in the Russian Federation for an aggregate period of less than 183 calendar days (including days of arrival to Russia and departure from Russia) in any period comprising 12 consecutive months. Presence in Russia for tax residency purposes is not considered interrupted for an individual's short term departures (less than 6 month) from Russia for medical treatment or education in any period comprising 12 months.

For purposes of this summary, a "resident Noteholder" means any Noteholder (including any individual and any legal entity or organisation) who is not a non-Resident Noteholder.

Russian tax residency rules may be affected by an applicable double tax treaty. Based on published comments of the Russian authorities, it is anticipated that the Russian tax residency rules applicable to legal entities may change in the future.

The Russian tax treatment of interest payments made by our company to the Issuer under the Loan Agreements may affect the holders of the Notes. See "—Taxation of Interest on the Loans" below.

Non-resident Noteholders

A non-resident Noteholder should not be subject to any Russian taxes on receipt from the Issuer of amounts payable in respect of principal of, or interest on, the Notes, subject to what is stated in "—Taxation of Interest on the Loans" below.

A non-resident Noteholder generally should not be subject to any Russian taxes in respect of gains or other income realized on the redemption, sale or other disposition of the Notes outside Russia, provided that the proceeds of such redemption, sale or other disposition of the Notes are not received from a source within Russia.

In the event that proceeds from a redemption, sale or other disposition are received from a source within Russia, a non-resident Noteholder which is a legal entity or organization generally should not be subject to any Russian taxation in respect of such proceeds, although there is some residual uncertainty regarding the treatment of any part of such gain realized on sale or other disposal of the Notes which is attributable to accrued interest on the Notes. If the payment upon sale or other disposal of the Notes is received from within Russia, accrued interest may be distinguished from the total gain and taxed at the rate of 20.0%. The separate taxation of the interest accrued may create a tax liability in relation to interest even in a situation where there is a capital loss on the disposal of the Notes. Nonresident holders that are legal entities or organizations should consult their own tax advisers with respect to the tax consequences of the receipt of proceeds from a source within Russia in respect of a disposition of the Notes. Withholding tax on interest may be reduced or eliminated in accordance with the provisions of an applicable double taxation treaty. To obtain the benefit of such tax treaty provisions, a holder would need to provide to the payer a certificate of tax domicile issued by a competent authority of the relevant treaty country. Advance treaty relief should be available, subject to the requirements of the laws of the Russian Federation.

In the event that proceeds from a sale, redemption or disposal of Notes are received from a source within Russia, a non-resident holder that is an individual will generally be subject to Russian tax in respect of such proceeds at the rate of 30 per cent of the gain ((the gain generally being calculated as gross proceeds from such disposal less any available cost deduction, including the original purchase price), because such payments are likely to be treated as Russian source income for Russian personal income tax purposes. There is also some uncertainty regarding the treatment of the portion of proceeds attributable to accrued interest (if any). Subject to reduction or elimination under provisions of an applicable tax treaty related to interest income, proceeds attributable to accrued interest may be taxed at a rate of 30.0%, even if the disposal results in a capital loss. In certain circumstances, if the disposal proceeds are payable by a Russian legal entity, individual entrepreneur or a Russian permanent establishment of a foreign organization, the payer may be required to withhold this tax. If the payer is an individual but not an individual entrepreneur, it is not required to withhold income tax. In this case the tax should be paid by the Noteholder directly. Personal income tax on disposal of the Notes may be reduced or eliminated in accordance with the provisions of an applicable double taxation treaty. There is also some uncertainty regarding the treatment of the portion of proceeds attributable to accrued interest. Subject to reduction or elimination under provisions of an applicable tax treaty related to interest income, proceeds attributable to accrued interest may be taxed at a rate of 30.0%, even if the disposal results in a capital loss. Non-resident holders who are individuals should consult their own tax advisers with respect to the tax consequences of the receipt of proceeds from a source within Russia in respect of a disposition of the Notes.

Due to the lack of clarity in Russian law as to determination of the taxable gain, the calculation of gain realized on a disposition of the Notes may be affected by changes in the exchange rates between the Russian ruble, the currency of acquisition and the currency of sale.

If a non-resident Noteholder is eligible for double taxation treaty relief in Russia advance treaty relief should be available, subject to the requirements of the laws of the Russian Federation.

To obtain the benefit of applicable tax treaty provisions, the holder must comply with the certification, information, and reporting requirements in force in Russia. Currently, a Noteholder would need to provide to the payer a certificate of tax residence issued by a competent tax authority of the relevant treaty country. In addition, an individual Noteholder must provide appropriate documentary proof of tax payments outside of Russia on income with respect to which treaty benefits are claimed. Because of uncertainties regarding the form and procedures for providing such documentary proof, individuals in practice may not be able to obtain treaty benefits on receipt of proceeds from a source within Russia.

Non-resident holders who are individuals should consult their own tax advisors with respect to the tax consequences of the receipt of proceeds from a source within Russia in respect of a disposition of the Notes.

Tax Treaty Relief

The Russian Federation has concluded double tax treaties with a number of countries and honours some double tax treaties concluded by the former Union of Soviet Socialist Republics. These tax treaties may contain

provisions that reduce or eliminate Russian tax due with respect to income received from a source within Russia by a non-resident Noteholder on disposition of the Notes. To obtain the benefit of such double tax treaty provisions, the Noteholder must comply with the certification, information, and reporting requirements in force in Russia. Currently a non-resident Noteholder—legal entity would need to provide the payer of income with a certificate of tax residence issued by the competent tax authority of the relevant treaty country. A non-resident Noteholder—individual must present to the tax authorities a tax residency certificate issued by the competent authorities in his/her country of residence for tax purposes and a confirmation of the income received and an appropriate documentary proof of tax payments outside of Russia on income with respect to which treaty benefits are claimed as confirmed by the relevant foreign tax authorities. Due to uncertainties regarding the form and procedures for providing such documentary proof, individuals in practice may not be able to obtain tax treaty relief benefits on receipt of proceeds from a source within Russia and obtaining a refund can be extremely difficult.

Non-resident Noteholders should consult their own tax advisors regarding possible tax treaty relief and procedures for obtaining such relief with respect to any Russian taxes imposed in respect of proceeds received on a disposition of the Notes.

Refund of Tax Withheld

For a Noteholder which is not an individual and for which double tax treaty relief is available, advance treaty relief may be available, subject to the requirements and conditions of the laws of the Russian Federation. If double tax treaty relief is available, and Russian withholding tax on income was withheld by the source of payment, a claim for refund of such tax can be filed within three years from the end of the tax period in which the tax was withheld.

For an individual Noteholder for which double tax treaty relief is available, if Russian withholding tax on income was withheld by the source of payment, a claim for refund of such tax may be filed within one year after the end of the year in which the tax was withheld.

In order to obtain a refund, the Non-Resident Holder of the Notes would need to file with the Russian tax authorities, among other documents, a duly notarised, apostilled and translated certificate of tax residence issued by the competent tax authority of the relevant tax treaty country, as well as documents confirming receipt of income and withholding of Russian tax. In addition, a non-resident Holder who is an individual would need to provide appropriate documentary proof of tax payments made outside of Russia on income with respect to which tax refund is claimed. The Russian tax authorities may, in practice, require a wide variety of documentation confirming the right to benefits under a double tax treaty. Such documentation, in practice, may not be explicitly required by the Russian Tax Code.

Obtaining a refund of Russian tax withheld may be a time consuming process and can involve considerable practicable difficulties. Non-resident Noteholders whether individuals or legal entities or organisations should consult their own tax advisers should they need to obtain refund of tax withheld on any payments from the Notes.

Resident Holders

Resident Noteholders are subject to all applicable Russian taxes in respect of gains from a disposition of the Notes and interest received on the Notes. Resident Noteholders should consult their own tax advisors with respect to their tax position regarding the Notes.

Taxation of Interest on the Loans

In general, payments of interest on borrowed funds by a Russian entity to a non-resident legal entity or organization are subject to Russian withholding tax at the rate of 20.0%, subject to reduction or elimination pursuant to the terms of an applicable double tax treaty. Based on professional advice it has received, our company believes that payments of interest on the Loans should not be subject to withholding taxes under the terms of the double taxation treaty between Russia and Ireland, provided the Russian tax documentation requirements (annual advance confirmation of the lender's tax residency) are satisfied. However, there can be no assurance that such relief will be obtained. In addition if, as a result of the enforcement by the Trustee of the security granted to it by the Issuer in respect of the Loan Agreements, interest under the Loans becomes payable to the Trustee, the benefit of the double tax treaty between Russia and Ireland may cease and payments of interest may be subject to Russian withholding tax at the rate of 20.0%.

Application of tax benefits under the double tax treaty could be influenced by the recently proposed changes to Russian tax legislation (as discussed in section "Risk factors"). Currently, it is not clear when or if such changes will come into force and how they will be applied in practice. At this time it is not possible to determine the extent to which such amendments could impact the application of the double tax treaty benefits to the interest payments made by our company under the Loan. Therefore, there can be no assurance that such double tax treaty relief will continue to be available.

If the payments under the Loan Agreements are subject to any withholding taxes (as a result of which the Issuer would reduce payments under the Notes in the amount of such withholding taxes), then, our company would be obliged (subject to certain conditions) to pay such additional amounts as may be necessary so that the net payments received by the Issuer will not be less than the amount it would have received in the absence of such withholding taxes. In such circumstances, our company would also have the right to prepay the Loans as more fully set out in the Loan Agreements. It should be noted, however, that tax gross-up provisions in contracts may not be enforceable under Russian law. In the event that our company fails to pay such additional amounts where obliged to do so, such failure would constitute an Event of Default under the related Loan Agreement. If our company is obliged to pay additional amounts, it may prepay the Loans in full. In such case, all outstanding Notes would be redeemable at par with accrued interest.

Russian VAT is not applied to the rendering of financial services involving the provision of a loan in monetary form. Therefore, no VAT will be payable in Russia on any payment of interest or principal in respect of the Loans.

Irish Taxation

Introduction

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Notes based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their Notes thereon as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, such as dealers in securities, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest which should include interest payable on the Notes. The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note where certain exemptions apply, in particular, so long as the interest paid on the relevant Note falls within one of the following categories:

(a) **Interest Paid on a Quoted Eurobond**: A quoted Eurobond is a security which is issued by a company (such as the Issuer), is listed on a recognised stock exchange (such as the Irish or Luxembourg Stock Exchanges) and carries a right to interest. Provided that the Notes are interest bearing and are listed on a recognised stock exchange (such as the Irish Stock Exchange), interest paid on them can be paid free of withholding tax provided:

(i) the person by or through whom the payment is made is not in Ireland; or

(ii) the payment is made by or through a person in Ireland and either:

(A) the Note is held in a clearing system recognised by the Irish Revenue Commissioners; (Euroclear and Clearstream, Luxembourg are, amongst others, so recognised); or

(B) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form.

Thus, so long as the Notes continue to be quoted on the Irish Stock Exchange and are held in DTC, Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by any Paying Agent acting on behalf of the Issuer free of any withholding or deduction for or on account of Irish income tax. If the Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a Paying Agent outside Ireland.

(b) **Interest paid to a person resident in a relevant territory**: If, for any reason, the Quoted Eurobond exemption referred to above ceases to apply, interest payments may still be made free of withholding tax provided that

(i) the Issuer remains a "qualifying company" as defined in section 110 of the TCA and the Noteholder is a person which is resident in a relevant territory at the time of the payment. A relevant territory is a Member State of the European Union (other than Ireland) or a country with which Ireland has a double taxation agreement in force by virtue of section 826 (1) of the Taxes Consolidation Act, 1997 ("TCA") or that is signed and which will come into force once all ratification procedures set out in section 826 (1) TCA have been completed ("Relevant Territory"), or

(ii) the interest is paid in the ordinary course of the Issuer's business and the Noteholder is a company which is either (A) resident in a Relevant Territory which imposes a tax that generally applies to interest receivable in that Relevant Territory by companies from sources outside that Relevant Territory or (B) in respect of the interest, exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which will come into force once all ratification procedures have been completed,

and the recipient is not a company which receives the interest in connection with a trade or business carried on by it through a branch or agency in Ireland.

The Issuer must be satisfied that the respective terms of the exemptions are satisfied. The test of residence in each case is determined by reference to the law of the Relevant Territory in which the Noteholder claims to be resident. For other holders of Notes, interest may be paid free of withholding tax if the Noteholder is resident in a double tax treaty country and under the provisions of the relevant treaty with Ireland such Noteholder is exempt from Irish tax on the interest and clearance in the prescribed form has been received by the Issuer before the interest is paid.

Encashment Tax

Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

Income Tax

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish tax with respect to such interest. Noteholders resident or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, social insurance (PRSI) contributions and the universal social charge in respect of interest they receive on the Notes.

Interest paid on the Notes may have an Irish source and therefore may be within the charge to Irish income tax. In the case of Noteholders who are non-resident individuals such Noteholders may also be liable to pay the universal social charge in respect of interest they receive on the Notes.

Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There are a number of exemptions from Irish income tax available to certain non-residents. Firstly, interest payments made by the Issuer are exempt from income tax so long as the Issuer is a qualifying company for the purposes of section 110 of the TCA, the recipient is not resident in Ireland and is resident in a Relevant Territory and, the interest is paid out of the assets of the Issuer. Secondly, interest payments made by the Issuer in the ordinary

course of its business are exempt from income tax provided the recipient is not resident in Ireland and is a company which is either resident in a Relevant Territory which imposes a tax that generally applies to interest receivable in that Relevant Territory by companies from sources outside that Relevant Territory or, in respect of the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which will come into force once all ratification procedures have been completed. Thirdly, interest paid by the Issuer free of withholding tax under the quoted Eurobond exemption is exempt from income tax, where the recipient is a person not resident in Ireland and resident in a Relevant Territory. For these purposes, residence is determined under the terms of the relevant double taxation agreement or in any other case, the law of the country in which the recipient claims to be resident. Interest falling within the above exemptions is also exempt from the universal social charge.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a double tax treaty between Ireland and the country of residence of the recipient.

Interest on the Notes which does not fall within the above exemptions is within the charge to income tax, and, in the case of Noteholders who are individuals, the charge to the universal social charge. In the past the Irish Revenue Commissioners have not pursued liability to tax in respect of persons who are not regarded as being resident in Ireland except where such persons have a taxable presence of some sort in Ireland or seek to claim any relief or repayment in respect of Irish tax. However, there can be no assurance that the Irish Revenue Commissioners will apply this treatment in the case of any Noteholder.

Capital Gains Tax

A holder of Notes will not be subject to Irish tax on capital gains on a disposal of Notes unless such holder is either resident or ordinarily resident in Ireland or carries on a trade or business in Ireland through a branch or agency in respect of which the Notes were used or held.

Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs, will be levied at 25 per cent if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) on the relevant date or (ii) if the Notes are regarded as property situate in Ireland (i.e. if the Notes are physically located in Ireland or if the register of the Notes is maintained in Ireland).

Stamp Duty

No stamp duty or similar tax is imposed in Ireland (on the basis of an exemption provided for in Section 85(2)(c) to the Irish Stamp Duties Consolidation Act, 1999 assuming the proceeds of the Notes are used in the course of the Issuer's business), on the issue, transfer or redemption of the Notes.

EU Directive on the Taxation of Savings Income

The Council of the European Union has adopted a directive regarding the taxation of interest income known as the "European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC)". Ireland has implemented the directive into national law. Accordingly, any Irish paying agent making an interest payment on behalf of the Issuer to an individual or certain residual entities resident in another Member State of the European Union or certain associated and dependent territories of a Member State will have to provide details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address) to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

The Issuer, or certain other persons shall be entitled to require Noteholders to provide any information regarding their tax status, identity or residency in order to satisfy the disclosure requirements in Directive 2003/48/EC and Noteholders will be deemed by their subscription for Notes to have authorised the automatic disclosure of such information by the Issuer, or any other person to the relevant tax authorities.

United States Taxation

General

The following discussion summarizes certain U.S. federal income tax consequences relevant to the acquisition, ownership, disposition and retirement of the Notes by a Noteholder, and does not purport to be a complete analysis of all potential tax considerations. This discussion only applies to Notes that are held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), and that are purchased in the initial offering at the initial offering price, by Noteholders. This discussion does not describe all of the U.S. federal income tax consequences that may be relevant to Noteholders in light of their particular circumstances or to Noteholders subject to special treatment under U.S. federal income tax law, such as financial institutions; tax-exempt organizations; insurance companies; real estate investment trusts; regulated investment companies; entities treated as partnerships for U.S. federal income tax purposes; traders or dealers in securities; persons holding Notes as part of a straddle, hedge, conversion transaction or other integrated transaction; or certain former citizens or residents of the United States. Persons considering the purchase of Notes are urged to consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction. Furthermore, this discussion does not describe the effect of U.S. federal estate and gift tax laws or the effect of any applicable foreign, state or local law.

This summary is based on the Code, Treasury regulations promulgated thereunder ("Regulations"), administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change (possibly with retroactive effect) or differing interpretations which could affect the tax consequences described herein. We have not and will not seek any rulings or opinions from the Internal Revenue Service (the "IRS") or counsel with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the acquisition, ownership or disposition of the Notes or that any such position would not be sustained.

U.S. Internal Revenue Circular 230 Disclosure

THE TAX DISCUSSION CONTAINED IN THIS DOCUMENT IS NOT GIVEN IN THE FORM OF A COVERED OPINION WITHIN THE MEANING OF CIRCULAR 230 ISSUED BY THE U.S. SECRETARY OF THE TREASURY. THUS, WE ARE REQUIRED TO INFORM YOU THAT YOU CANNOT RELY UPON ANY ADVICE CONTAINED IN THIS DOCUMENT FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES. THE TAX DISCUSSION CONTAINED IN THIS DOCUMENT WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY OR ON BEHALF OF VIMPELCOM OR THE ISSUER OF THE TRANSACTIONS OR MATTERS DESCRIBED IN THIS DOCUMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

For purposes of this summary, a "U.S. Noteholder" is a beneficial owner of Notes, who is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation or other entity subject to tax 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 thereof (including 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 (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes, or (2) (a) the administration of which a U.S. court can exercise primary supervision over and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

A "Non-U.S. Noteholder" is a beneficial owner of Notes other than a U.S. Noteholder.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner will depend on the status of the partner and the activities of the partnership. A holder of Notes that is a partnership and partners in such partnership should consult their own tax advisors as to the tax consequences to them of acquiring, owning, disposing and retirement of Notes.

Characterization of the Notes

We believe that the Notes should be treated as indebtedness for U.S. federal income tax purposes. If the Notes were instead treated as equity of the Issuer, U.S. Noteholders would be treated as owning stock in a "passive foreign investment company" (a "PFIC") for U.S. federal income tax purposes. Prospective purchasers are urged to consult their tax advisors regarding the characterization of the Notes and the consequences of owning stock in a PFIC. The remainder of this discussion assumes that the Notes will be treated as indebtedness of VimpelCom.

Interest

Interest paid on a Note (including any additional amounts paid by the Issuer to the Noteholders pursuant to Condition 7 (Taxation) of the "Terms and Conditions of the Notes") generally will be taxable to a U.S. Noteholder as ordinary income when paid or accrued, in accordance with the U.S. Noteholder's method of accounting for U.S. federal income tax purposes. Interest on the Notes will generally be treated as foreign source income for U.S. federal income tax purposes. If any non-U.S. taxes are withheld with respect to a Note, a U.S. Noteholder would be required to include in income any such tax withheld, notwithstanding that such withheld tax is not in fact received by such U.S. Noteholder. A U.S. Noteholder may be eligible, subject to a number of limitations, for a deduction or U.S. foreign tax credit with respect to any non-U.S. tax withheld. The rules relating to U.S. foreign tax credits and the timing thereof are extremely complex and U.S. Noteholders should consult their own tax advisors with regard to the availability of a U.S. foreign tax credit and the application of the U.S. foreign tax credit limitations to their particular situations.

Subject to the discussion below under "—U.S. Backup Withholding Tax and Information Reporting," payments of interest on a Note to a Non-U.S. Noteholder generally will not be subject to U.S. federal income tax, unless such income is effectively connected with the conduct by such Non-U.S. Noteholder of a trade or business in the United States.

Sale, Exchange, Retirement or Other Disposition

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. Noteholder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other disposition (other than accrued but unpaid interest which will be taxable as ordinary income to the extent not yet included in income by the U.S. Noteholder) and the U.S. Noteholder's adjusted tax basis in such Note. A U.S. Noteholder's adjusted tax basis in a Note generally should equal the cost of the Note to such U.S. Noteholder. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. Noteholder has held the Note for more than one year. Long-term capital gain of a non-corporate U.S. Noteholder is generally subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss realized on the sale, exchange, retirement or other disposition of a Note generally will be treated as U.S. source income or loss, as the case may be. Subject to the discussion below under "—U.S. Backup Withholding Tax and Information Reporting," any capital gain realized by a Non-U.S. Noteholder upon the sale, exchange, retirement or other disposition of a Note generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Noteholder of a trade or business in the United States, or (ii) in the case of any gain realized by an individual Non-U.S. Noteholder, such Non-U.S. Noteholder is present in the United States for 183 days or more in the taxable year of such sale, exchange, retirement or other disposition and certain other conditions are met.

U.S. Backup Withholding Tax and Information Reporting

U.S. backup withholding tax and information reporting requirements apply to certain payments of principal of, and interest on, Notes and to proceeds of dispositions of Notes, to certain non-corporate U.S. Noteholders. The payor currently will be required to withhold backup withholding tax from any such payment within the United States on a Note to a U.S. Noteholder (other than an "exempt recipient") if such U.S. Noteholder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding requirements.

Payments within the United States of principal and interest to a Non-U.S. Noteholder that is not a United States person will not be subject to backup withholding tax and information reporting requirements if an appropriate certification is provided by the Non-U.S. Noteholder to the payor and the payor does not have actual knowledge or reason to know that the certification is false.

Effective for taxable years beginning after 18 March 2010, individuals and, to the extent provided by Regulations or other guidance, certain domestic entities that hold an interest in a "specified foreign financial asset" will be required to attach certain information regarding such assets to their U.S. federal income tax returns for any year in which the aggregate value of all such assets held by such persons exceeds US$50,000. A "specified foreign financial asset" includes, among other things, any depository or custodial accounts at foreign financial institutions, and to the extent not held in an account at a financial institution, (1) stocks or securities issued by non U.S. persons, and (2) any interest in a non U.S. entity. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. U.S. Noteholders should consult their tax advisors regarding the potential application of these new rules to their ownership of a Note.

CERTAIN ERISA CONSIDERATIONS

No pension, profit sharing or other employee benefit plan subject to the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or subject to the U.S. Internal Revenue Code of 1986, as amended (the "Code"), including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "Plans"), may invest in the Notes.

Under a regulation, 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA, the "Plan Assets Regulation"), issued by the U.S. Department of Labor (the "DOL"), the Loans may be deemed to be "plan assets" of an investing Plan for purposes of Title I of ERISA and Section 4975 of the Code, if "plan assets" of the Plan were used to purchase the Notes and no exception were applicable under the Plan Assets Regulation. Under the Plan Assets Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the United States Investment Company Act of 1940, the Plan's assets are deemed to include both the equity interest itself and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation by "benefit plan investors" is not "significant." Although there is no authority directly on point, it is anticipated that the Notes will constitute "equity interests" for purposes of the Plan Assets Regulation and there can be no assurance that any exception to the Plan Assets Regulation would be applicable.

If for any reason the underlying Loans were deemed to be "plan assets" of a Plan, the Issuer or the Trustee could be subject to the fiduciary duties imposed by ERISA and certain transactions that the Issuer, the Trustee or our company might enter into, or may have entered into, in the ordinary course of business might constitute nonexempt "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded. In addition, if the Loans were deemed to be "plan assets" of investing Plans, it would be subject to the requirements of ERISA, including the requirement under ERISA, and a regulation promulgated thereunder, 29 C.F.R. Section 2550.404b-1 (the "Indicia of Ownership Rules"), that no fiduciary under ERISA may maintain the indicia of ownership of assets of a Plan outside the jurisdiction of the Federal district courts of the United States except in certain qualifying locations and subject to certain specified conditions.

Accordingly, in order to avoid the treatment of the Loans as "plan assets" that are subject to Title I of ERISA or Section 4975 of the Code and to avoid imposition of the fiduciary duties under ERISA with respect to the Issuer or the Trustee, investors using assets of a Plan (including assets of an insurance company general account) will not be permitted to acquire the Notes and each investor will be deemed to have represented that it is not a plan that is subject to ERISA or Section 4975 of the Code.

Any purchaser that is an insurance company using the assets of an insurance company general account should note that Section 401(c) of ERISA provides that assets of an insurance company general account will not be treated as "plan assets" for purposes of the fiduciary responsibility provisions of ERISA and Section 4975 of the Code to the extent such assets relate to contracts issued to employee benefit plans on or before December 31, 1998 and the insurer satisfies various conditions. The plan asset status of insurance company separate accounts is unaffected by Section 401(c) of ERISA, and separate account assets continue to be treated as the plan assets of any such plan invested in a separate account.

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and plans that are not generally subject to United States law are not subject to the requirements of ERISA or Section 4975 of the Code. Accordingly, assets of such plans may be invested in the Notes without regard to the ERISA considerations described herein, subject to the provisions of other applicable law. However, any such governmental or church plan that is qualified and exempt from United States taxation under Sections 401(a) and 501(a) of the Code is subject to the prohibited transaction rules set forth in Section 503 of the Code.

The fiduciary of an employee benefit plan that is not subject to ERISA or Section 4975 of the Code proposing to invest in the Notes must make its own determination that such investment is permitted under applicable law.

FORM OF NOTES AND TRANSFER RESTRICTIONS

The following information relates to the form and transfer of the Notes. Terms defined in the section of this prospectus entitled "Terms and Conditions of the Notes" have the same meanings in the paragraphs below.

Form of Notes

All Notes will be in fully registered form, without interest coupons attached. The A Notes offered and sold outside the United States in reliance on Regulation S (the "Unrestricted A Notes") will be represented by interests in an Unrestricted Global A Note Certificate, and the B Notes offered and sold outside the United States in reliance on Regulation S (the "Unrestricted B Notes," and together with the Unrestricted A Notes, the "Unrestricted Notes") will be represented by interests in an Unrestricted Global B Note Certificate. References to an Unrestricted Global Note Certificate are to the Unrestricted Global A Note Certificate and Unrestricted Global B Note Certificate. Each Unrestricted Global Note Certificate will be in fully registered form, without interest coupons attached, which will be deposited on or about the closing date of the Offer with a common depositary for Euroclear Bank and Clearstream, Luxembourg, and registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for such common depositary in respect of interests held through Euroclear or Clearstream, Luxembourg. Beneficial interests in the Unrestricted Global Note Certificate may at all times be held only through Euroclear or Clearstream, Luxembourg.

The A Notes offered and sold in reliance on Rule 144A (the "Restricted A Notes") will be represented by interests in a Restricted Global A Note Certificate, and the B Notes offered and sold in reliance on Rule 144A (the "Restricted B Notes," and together with the Restricted A Notes, the "Restricted Notes") will be represented by interests in a Restricted Global B Note Certificate. References to a Restricted Global Note Certificate are to the Restricted A Note Certificate and the Restricted B Note Certificate. Each Restricted Global Note Certificate will be in fully registered form, without interest coupons attached, which will be deposited on or about the closing date of the Offer with a custodian for, and registered in the name of Cede & Co., as nominee for, DTC. By acquisition of a beneficial interest in the Restricted Global Note Certificate, the purchaser thereof will be deemed to represent, among other things, that the purchaser is a QIB that is also a QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the related Trust Deed. The Restricted Global Note Certificate (and any Note Certificates in definitive form issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of each such Note as set forth below and in the related Trust Deed. Beneficial interests in the Restricted Global Note Certificate may be held through DTC, Euroclear or Clearstream, Luxembourg.

Each Unrestricted Global Note Certificate will have an ISIN and a common code and each Restricted Global Note Certificate will have a CUSIP number, an ISIN and a common code.

Transfer Restrictions

Beneficial interests in each Global Note Certificate will be subject to certain restrictions on transfer set forth therein and in the related Trust Deed, and with respect to a Restricted Global Note Certificate, as set forth in Rule 144A and required to allow the Issuer to meet the criteria set forth in Section 3(c)(7) of the Investment Company Act and the Notes will bear the legends set forth thereon regarding such restrictions set forth below.

A beneficial interest in the Unrestricted Global Note Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through the Restricted Global Note Certificate only in denominations greater than or equal to the minimum denominations applicable to interests in the Restricted Global Note Certificate and only upon receipt by the Registrar or any Agent of a written certification from the transferor (in the applicable form set out in the schedule to the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is purchasing for its own account or accounts as to which it exercises sole investment decision, is a qualified institutional buyer within the meaning of Rule 144A that is also a qualified purchaser within the meaning of Section 2(a)(51) the Investment Company Act (a "QP"), in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

A beneficial interest in the Restricted Global Note Certificate may also be transferred to a person who wishes to take delivery of such beneficial interest through the Unrestricted Global Note Certificate only upon receipt by the

Registrar or any Agent of a written certification from the transferor (in the form set out in the schedule to the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Any beneficial interest in either the Restricted Global Note Certificate or the Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note Certificate will, upon transfer, cease to be a beneficial interest in such Global Note Certificate and become a beneficial interest in the other Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note Certificate for so long as such person retains such an interest.

The Notes are being offered and sold in the United States only to persons that are both qualified institutional buyers within the meaning of Rule 144A and QPs within the meaning of the Investment Company Act and in reliance on Rule 144A. Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each purchaser of Notes offered hereby pursuant to Rule 144A will be deemed to have represented, agreed and acknowledged as follows (terms used herein that are defined in Rule 144A are used herein as defined therein):

(i) it (A) is not an "affiliate" of the Issuer or our company or a person acting on behalf of such an affiliate, (B) is a qualified institutional buyer (a "QIB") within the meaning of Rule 144A that is also a QP within the meaning of Section 2(a)(51) of the Investment Company Act, (C) is not a broker-dealer which owns and invests on a discretionary basis less than US$25 million in securities, (D) is not a participant-directed employee plan, such as a 401(k) plan, (E) is not formed for the purpose of investing in the Issuer, (F) is acquiring the Notes for its own account or for the account of a QIB that is also a QP, (G) is aware that the sale of the Notes to it or such person is being made in reliance on exemption from registration pursuant to Rule 144A and Section 3(c)(7) of the Investment Company Act, and (H) they will provide notice of transfer restrictions set forth in this prospectus to any subsequent transferees;

(ii) it will (a) along with each account for which it is purchasing, hold and transfer beneficial interests in the Restricted Global Note Certificates in a principal amount that is not less than US$100,000 and (b) provide notice of these transfer restrictions to any subsequent transferees. In addition, it understands that VIP Finance Ireland Limited may receive a list of participants holding positions in its securities from one or more book-entry depositaries;

(iii) it understands that the Notes have not been and will not be registered under the Securities Act and the Issuer has not been registered under the Investment Company Act and the Notes may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it or any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP each of which is purchasing not less than US$100,000 principal amount of Notes, or (b) in an offshore transaction to a person that is not a U.S. person in accordance with Rule 903 or 904 of Regulation S under the Securities Act, in each case in accordance with any applicable securities laws of any state or another jurisdiction of the United States;

(iv) it understands that VIP Finance Ireland Limited has the power under the Trust Deed to compel any beneficial owner of Notes that is a U.S. person and is not a QIB and also a QP to sell its interest in the Notes, or may sell such interest on behalf of such owner. VIP Finance Ireland Limited has the right to refuse to honor the transfer of an interest in the Notes to a U.S. person who is not a QIB and also a QP;

(v) none of our company, the Lead Managers or any person representing any such entity has made any representation to it with respect to any such entity or the offering or sale of any Notes, other than the information in this prospectus;

(vi) the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Notes offered hereby have not been and will not be registered under the Securities Act and the Issuer has not been registered under the Investment Company Act and the Notes may not be re-offered, resold, pledged, or otherwise transferred except in accordance with the legend set forth below; and

(vii) the Restricted Global Note Certificate and Note Certificates in definitive form (if any) issued in exchange for an interest in the Restricted Global Note Certificate will bear a legend to the following effect, unless our company, the Issuer and the Trustee determine otherwise in accordance with applicable law:

"VIP FINANCE IRELAND LIMITED HAS NOT AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT") AND THE NOTES IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB") THAT IS ALSO A QUALIFIED PURCHASER AS DEFINED IN THE INVESTMENT COMPANY ACT OF 1940 (A "QP") THAT (A) IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (B) IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (C) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OF THIS NOTE, (D) IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP, IN A PRINCIPAL AMOUNT THAT IS NOT LESS THAN US$100,000, (E) UNDERSTANDS THAT VIP FINANCE IRELAND LIMITED MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES AND (F) WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE, OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") TO OR FOR THE ACCOUNT OR BENEFIT OF A PERSON KNOWN TO THE TRANSFEROR NOT TO BE A U.S. PERSON (AS DEFINED IN REGULATION S), BY PRE-ARRANGEMENT OR OTHERWISE, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT, IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS NOTE IT IS A PERSON WHO IS NOT A QIB THAT IS ALSO A QP, VIP FINANCE IRELAND LIMITED MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS NOTE TO A PERSON (1) WHO IS ALSO A QIB THAT IS ALSO A QP AND WHO IS OTHERWISE QUALIFIED TO PURCHASE THIS NOTE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (2) IN AN OFFSHORE TRANSACTION TO A PERSON THAT IS NOT A U.S. PERON IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S.

TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO VIP FINANCE IRELAND LIMITED OF THIS NOTE, THE TRUSTEE OR ANY INTERMEDIARY. VIP FINANCE IRELAND LIMITED HAS THE RIGHT UNDER THE TRUST DEED TO COMPEL ANY BENEFICIAL OWNER THAT IS A U.S. PERSON AND IS NOT A QIB AND ALSO A QP TO SELL ITS INTEREST IN THIS NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH BENEFICIAL OWNER.

VIP FINANCE IRELAND LIMITED HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER OF AN INTEREST IN THIS NOTE TO A U.S. PERSON WHO IS NOT A QIB AND ALSO A QP. EACH BENEFICIAL OWNER HEREOF REPRESENTS AND WARRANTS THAT FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) IT IS NOT, AND IT IS NOT USING THE ASSETS OF, A BENEFIT PLAN INVESTOR AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (2) IT IS NOT AND IS NOT USING THE ASSETS OF A GOVERNMENTAL PLAN (AS DEFINED IN SECTION 3(32) OF ERISA), CHURCH PLAN (AS DEFINED IN SECTION 3(33) OF ERISA), OR NON-U.S. PLAN (AS DESCRIBED IN SECTION 4(B)(4) OF ERISA) SUBJECT TO LAWS WHICH ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, UNLESS THE PURCHASE AND HOLDING OF THIS NOTE WILL NOT VIOLATE

SUCH SIMILAR LAW AND (3) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY NOTE OR INTEREST THEREIN TO ANY PERSON WITHOUT FIRST OBTAINING THE SAME FOREGOING REPRESENTATIONS, WARRANTIES AND COVENANTS FROM THAT PERSON;

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A."

We, the Issuer, the Trustee, the Lead Managers and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more qualified institutional buyers, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

The purchaser understands and acknowledges that its purchase and holding of such Notes constitutes a representation and agreement by it that (1) it is not an employee benefit plan subject to the United States Employee Retirement Income Security Act of 1974, as amended, nor a plan, subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended, nor an entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in that entity or a person otherwise investing "plan assets" of any such employee benefit plan or plan (each of the foregoing, a "Plan"), and it is not purchasing such Notes or any interest therein on behalf of, or with the assets of, a Plan and (2) it will not sell or otherwise transfer such Notes to any Plan otherwise than to a purchaser or transferee that is deemed to represent and agree with respect to its purchase and holding of such Notes to the same effect as the purchaser's representation and agreement set forth in this sentence.

Each purchaser (not including the Lead Managers who are the initial purchasers) of Notes offered in the Offer outside the United States pursuant to Regulation S, and each subsequent purchaser of such Notes in resales during the period which expires on and includes the 40th day after the later of the commencement of the Offer and the closing date of the Offer (the "distribution compliance period") will be deemed to have represented, agreed and acknowledged as follows:

(i) it is, or at the time the Notes are purchased will be, the beneficial owner of such Notes and (A) it is not a U.S. Person and it is purchasing such Notes in an offshore transaction (within the meaning of Regulation S) and (B) it is not an affiliate of the Issuer or our company or a person acting on behalf of such an affiliate;

(ii) none of our company, the Lead Managers or any person representing any such entity has made any representation to it with respect to any such entity or the offering or sale of any Notes, other than the information in this prospectus;

(iii) it understands that such Notes have not been and will not be registered under the Securities Act and the Issuer has not been and will not be registered under the Investment Company Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (A) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB that is also a QP purchasing for its own account or the account of a QIB that is also a QP or (B) in an offshore transaction to a person that is not a U.S. person in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States; and

(iv) our company, the Issuer, the Registrar, the Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing and following acknowledgements, representations and agreements.

Each purchaser of the Notes will also be deemed to have represented, agreed and acknowledged that it will not offer, sell, pledge or otherwise transfer such Notes at any time except to a person that it, and any person acting on its behalf, reasonably believe is either a qualified purchaser within the meaning of the Investment Company Act purchasing for its own account or the account of a qualified purchaser, or outside the United States in accordance with Rule 903 or 904 of Regulation S.

Exchange of Interests in Global Note Certificates for Note Certificates

Exchange of interests in Notes represented by the Restricted Global Note Certificate, in whole but not in part, for Restricted Notes represented by individual Note Certificates in definitive form (the "Restricted Note Certificates") will not be permitted unless (i) DTC or a successor depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Registered Global Note Certificate or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility or cessation on the part of such depository, (ii) following a failure to pay an amount in respect of any Notes within five days of the date on which such amount became due and payable in accordance with the Conditions or (iii) our company or the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations which would not be suffered were the Notes evidenced by Restricted Note Certificates. Exchange of interests in Notes represented by the Unrestricted Global Note Certificate, in whole but not in part, for Unrestricted Notes represented by individual Note Certificates in definitive form (the "Unrestricted Note Certificates" and, together with the Restricted Note Certificates, the "Note Certificates") will not be permitted unless (i) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so, (ii) following a failure to pay an amount in respect of any Notes within five days of the date on which such amount became due and payable in accordance with the Conditions or (iii) our company or the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations which would not be suffered were the Notes evidenced by Unrestricted Note Certificates.

Exchange of interests in a Global Note Certificate, in whole or in part, for Note Certificates may be made if instructions have been given for the transfer of an interest in such Global Note Certificate to a person who would otherwise take delivery thereof in the form of an interest in the other Global Note Certificate where such other Global Note Certificate has been exchanged for Note Certificates.

In such circumstances, the relevant Global Note Certificate shall be exchanged for Note Certificates and the Issuer will, at the cost of the Issuer (to the extent reimbursed by our company and against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Note Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders in accordance with the Conditions. A person having an interest in a Global Note Certificate must provide the Issuer and the Registrar with (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Note Certificates and (ii) in the case of the Restricted Global Note Certificate only, a fully completed, signed certificate substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A or Regulation S, that the transfer is being made in compliance with the provisions of Rule 144A or Regulation S. Subject to the provisions of the Agency Agreement, Note Certificates issued in exchange for a beneficial interest in the Restricted Global Note Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out above under "—Transfer Restrictions."

The holder of a Note, represented by a Note Certificate, may transfer such Note in accordance with the provisions of Condition 2 (Register, Title and Transfers).

Upon the transfer, exchange or replacement of a Restricted Note Certificate bearing the legend referred to under "—Transfer Restrictions," or upon specific request for removal of the legend on a Restricted Note Certificate, the Issuer will deliver only Restricted Note Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to any Agent a fully completed, signed certificate substantially to the effect that the transfer is being made in compliance with the provisions of Regulation S or Rule 144 (if applicable) or such evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Euroclear, Clearstream, Luxembourg and DTC Arrangements

So long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depositary is the registered holder of a Global Note Certificate, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global

Note Certificate for all purposes under the Agency Agreement and the Notes. Payments of principal, premium (if any), interest and additional amounts (if any) in respect of Global Note Certificates will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, our company, the Trustee, any Agent or the Lead Managers or any affiliate of any of them or any person by whom any of them is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Note Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal, premium (if any) and interest with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Notes through DTC will receive, to the extent received by DTC from the Principal Paying Agent, all distributions of principal, premium (if any) and interest with respect to book entry interests in the Notes from the Principal Paying Agent through DTC. Distribution in the United States will be subject to relevant United States tax laws and regulations.

Payments on the Notes will be paid to the holder shown on the Register on the close of business the business day before the due date for such payment so long as the Notes are represented by a Global Note Certificate, and on the close of business the business day before the due date for such payment if the Notes are in the form of Note Certificates (the "Record Date").

The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Note Certificate to such persons may be limited. Because DTC, Euroclear and Clearstream, Luxembourg can only act on behalf of indirect participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book-entry interests in the Notes through DTC, Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of (i) The Bank of New York Depository (Nominees) Limited and (ii) Cede & Co. to reflect the amounts of Notes held through Euroclear, Clearstream, Luxembourg and DTC, respectively. Beneficial ownership in the Notes will be held through financial institutions as direct and indirect participants in DTC, Euroclear and Clearstream, Luxembourg.

Beneficial interests in the Unrestricted Global Note Certificate and the Restricted Global Note Certificate will be in uncertificated book-entry form.

DTC Actions with respect to the Notes

The Issuer will direct DTC to take the following steps in connection with the Notes:

- to include the "3c7" marker and, in lieu of the "GABS" marker or otherwise, the "GRLS" marker in the DTC 20-character security descriptor, and the 48-character additional descriptor for the Notes in order to indicate that sales are limited to qualified purchasers;

- to cause (i) each physical DTC delivery order ticket delivered by DTC to purchasers to contain the 20-character security descriptors and (ii) each DTC delivery order ticket delivered by DTC to purchasers in electronic form to contain the "3c7" and "GRLS" indicators and the related user manual for participants, which will contain a description of relevant restrictions;

- to send, on or prior to the closing date of this Offer, an "Important Notice" to all DTC participants in connection with this Offer of the Notes. the Issuer may instruct DTC from time to time (but not more frequently than every six months) to reissue the "Important Notice";

- to include the Issuer in DTC's "Reference Directory" of Section 3(c)(7) offerings;

- to include in all "confirms" of trades of the Notes in DTC, CUSIP numbers with a "fixed field" attached to the CUSIP number that has the "3c7" and "GRLS" markers; and
- to deliver to the Issuer from time to time a list of all DTC participants holding an interest in the Notes.

Euroclear Actions with respect to the Notes

The Issuer will instruct Euroclear Bank S.A./N.V., as operator of the Euroclear, to take the following steps in connection with the Notes:

- to reference "144A/3(c)(7)" as part of the security name in the Euroclear securities database;
- in each daily securities balances report and daily transactions report to Euroclear participants holding positions in the Notes, to include "144A/3(c)(7)" in the securities name for the Notes;
- periodically (and at least annually) to send to the Euroclear participants holding positions in the Notes an electronic "Important Notice" outlining the restrictions applicable to 3(c)(7) securities;
- to deliver to the Issuer from time to time, upon its request, a list of all Euroclear participants holding an interest in the Notes; and
- to include the 3(c)(7) marker in the name of the Notes in lists distributed by Euroclear monthly to its participants showing all securities accepted within the Euroclear securities database.

Clearstream, Luxembourg Actions with respect to the Notes

The Issuer will instruct Clearstream Luxembourg to take the following steps in connection with the Notes:

- to reference "144A/3(c)(7)" as part of the security name in the Clearstream, Luxembourg securities database;
- in each daily portfolio report and daily settlement report to Clearstream, Luxembourg participants holding positions in the Notes, to include "144A/3(c)(7)" in the securities name for the Notes;
- periodically (and at least annually) to send to the Clearstream, Luxembourg participants holding positions in the Notes an electronic "Important Notice" outlining the restrictions applicable to 3(c)(7) securities;
- to deliver to the Issuer from time to time, upon its request, a list of all Clearstream, Luxembourg, participants holding an interest in the Notes; and
- to include the 3(c)(7) marker in the name of the Notes in the continuously updated list made available by Clearstream, Luxembourg to its participants showing all securities accepted within the Clearstream, Luxembourg securities database and to include the 3(c)(7) marker in the name of the Notes.

Bloomberg Screens, etc

The Issuer will from time to time request all third-party vendors to include appropriate legends regarding Rule 144A and Section 3(c)(7) restrictions on the Notes on screens maintained by such vendors. Without limiting the foregoing, the Lead Managers will request that Bloomberg, L.P. include the following on each Bloomberg screen containing information about the securities as applicable:

- the bottom of the "Security Display" page describing the Notes should state: "Iss'd under 144A/3c7" and "GRLS";
- the "Security Display" page should have a flashing red indicator stating "Additional Note Pg";
- such indicator for the Notes should link to an "Additional Security Information" page, which should state that the Notes "are being offered in reliance on the exception from registration under Rule 144A of the Securities Act of 1933, as amended (the "Securities Act") to persons that are (i) "qualified institutional buyers" as defined in Rule 144A under the Securities Act and (ii) "qualified purchasers" as defined under Section 2(a)(51) of the Investment Company Act of 1940, as amended"; and

- the "Disclaimer" pages for the Notes should state that the securities "have not been and will not be registered under the Securities Act of 1933, as amended, and VIP Finance Ireland Limited has not been registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the Notes may not be offered or sold absent an applicable exemption from registration requirements and any such offer and sale of these securities must be in accordance with Section 3(c)(7) of the Investment Company Act."

CUSIP

Each "CUSIP" obtained for a Restricted Note will have an attached "fixed field" that contains "3c7", "GRLS" and "144A" indicators.

Trading between Euroclear and Clearstream, Luxembourg Accountholders

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same Day Funds Settlement System.

Trading between DTC Seller and Euroclear or Clearstream, Luxembourg Purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Restricted Global Note Certificate to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Unrestricted Global Note Certificate (subject to such certification procedures as are provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12:00 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the custodian will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Note Certificate and (ii) increase the amount of Notes registered in the name of The Bank of New York Depository (Nominees) Limited and evidenced by the Unrestricted Global Note Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the ease may be, for credit to the relevant accountholder on the first business day following the settlement date. See above concerning the Record Date for payments of interest.

Trading between Euroclear or Clearstream, Luxembourg Seller and DTC Purchaser

When book-entry interests in Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder holding a beneficial interest in the Unrestricted Global Note Certificate to the account of a DTC participant wishing to purchase a beneficial interest in the Restricted Global Note Certificate (subject to such certification procedures as are provided in the Agency Agreement), the Euroclear or Clearstream, Luxembourg accountholder must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (i) transmit appropriate instructions to the custodian who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (ii) instruct the Registrar to (a) decrease the amount of Notes registered in the name of The Bank of New York Depository (Nominees) Limited and evidenced by the Unrestricted Global

Note Certificate and (b) increase the amount of Notes registered in the name of the Cede & Co. and evidenced by the Restricted Global Note Certificate. See above concerning the Record Date for payments of interest.

Although the foregoing sets out the procedures of DTC, Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Notes among the participants of DTC, Euroclear and Clearstream, Luxembourg, none of DTC, Euroclear or Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, our company, the Trustee, any Agent the Lead Managers or any affiliate of any of them or any person by whom any of them is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

SUBSCRIPTION AND SALE

The managers named below (the "Lead Managers") have agreed, subject to the satisfaction of the terms and conditions of the Subscription Agreements, dated January 28, 2011, by and among the Issuer, VimpelCom and the Lead Managers, to subscribe and pay for the Notes offered and sold in this Offer at the issue price of 100.0% of the principal amount of Notes. The Lead Managers are entitled to be released and discharged from their obligations under the Subscription Agreements in certain circumstances prior to the closing of the issue of the Notes.

	Aggregate Principal Amount of the A Notes	Aggregate Principal Amount of the B Notes
Lead Manager		
Barclays Bank PLC	US$125,000,000	US$250,000,000
BNP Paribas	US$125,000,000	US$250,000,000
Citigroup Global Markets Limited	US$125,000,000	US$250,000,000
The Royal Bank of Scotland plc	US$125,000,000	US$250,000,000
Total	US$500,000,000	US$1,000,000,000

The Subscription Agreements will provide that the obligation of the Lead Managers to purchase the Notes offered and sold in this Offer is subject to the satisfaction of conditions, including, among others, the delivery of legal opinions by legal counsel. In connection with this Offer, our company will agree to pay a combined management, underwriting and selling commission, based in part on the aggregate size of the deal, of US$4,750,000 to the Lead Managers and to reimburse certain of their expenses related to this Offer.

We have been advised by the Lead Managers that the Lead Managers propose to offer and sell the Notes in this Offer:

- within the United States, to persons whom they reasonably believe are both QIBs and QPs who can represent that (A) they are QIBs within the meaning of Rule 144A and also QPs within the meaning of the Investment Company Act; (B) they are not broker-dealers who own and invest on a discretionary basis less than US$25 million in securities of unaffiliated issuers; (C) they are not a participant-directed employee plan, such as a 401(k) plan; (D) they are acting for their own account, or the account of one or more QIBs each of which is a QP; (E) they are not formed for the purpose of investing in the Issuer; (F) they will, and each account for which they are purchasing will, hold and transfer at least US$200,000 in principal amount of Notes at any time; (G) they understand that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositaries; and (H) they will provide notice of the transfer restrictions set forth in this prospectus to any subsequent transferees; and

- outside the United States, to persons other than U.S. persons, within the meaning of Regulation S under the Securities Act, in reliance on Regulation S under the Securities Act and in accordance with applicable law. See the section of this prospectus entitled "Form of Notes and Transfer Restrictions."

The price at which the Notes are being sold may be changed at any time without notice. Any offer or sale of the Notes to QIBs that are QPs in reliance on an exemption from registration pursuant to Rule 144A under the Securities Act will be made by broker dealers who are registered as such under the Exchange Act. Terms used above have the meanings assigned to them in the Investment Company Act, Rule 144A or Regulation S under the Securities Act, as the case may be.

Each Lead Manager will acknowledge and agree that in connection with the sale of the Notes in this Offer made in reliance on Regulation S, except as permitted by the relevant Subscription Agreement, it will not offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, U.S. persons:

- as part of their distribution at any time; or

- otherwise, until 40 days after the later of the date of the commencement of the Offer and the closing of the Offer, and that it will send to each distributor, dealer or other person receiving a selling concession, fee or other remuneration to which they sell the Notes in reliance on Regulation S during the 40-day restricted period, a confirmation or other notice setting forth the restrictions on

offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, an offer or sale of the Notes within the United States or to or for the account or benefit of a U.S. person by a dealer (whether or not participating in the Offer) may only be made to persons that are QPs and during the 40 day period referred to above, may violate the registration requirements of the Securities Act if such offer or sale is made other than to persons that are QIBs in reliance on an exemption from registration pursuant to Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

The Issuer has not been and will not be registered under the Investment Company Act and the Notes have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to the requirements of, the Securities Act and which will not require the Issuer to register under the Investment Company Act. See the section of this prospectus entitled "Form of Notes and Transfer Restrictions."

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading its regulated market. However, we cannot assure you that an active public or other market will develop for the Notes or that a liquid trading market will exist for the Notes. We do not intend to list the Notes on any U.S. national securities exchange or to seek the admission thereof to trading on the Nasdaq National Market System. We have been advised by the Lead Managers that the Lead Managers currently intend to make a market in the Notes. However, the Lead Managers are not obligated to do so and any market making activities with respect to the Notes may be discontinued at any time without notice in their sole discretion. No assurance can be given as to how liquid the trading markets for the Notes will be. In addition, any market making activities will be subject to the limits imposed by applicable securities laws, including the Securities Act and the Exchange Act.

We will agree in the Subscription Agreements, for a period of 90 days after the date of this prospectus, that neither our company nor any of our direct or indirect subsidiaries will, without the prior written consent of the Lead Managers, offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any debt securities issued or guaranteed by our company or any such subsidiary and having a maturity of more than one year from the date of issue and that are listed or capable of being listed on a stock exchange, or any substantially similar securities issued by another entity either guaranteed by or in connection with a loan to our company, or similar structure.

We will agree and the Issuer has separately agreed in each Subscription Agreement to indemnify the Lead Managers against certain liabilities incurred in connection with the issue of the Notes.

In connection with the issue of the Notes, the Lead Managers or persons acting on their behalf may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Lead Managers (or persons acting on their behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the Offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of allotment of the Notes.

The Lead Managers have, directly and indirectly, provided investment and commercial banking or financial advisory services to our company and our affiliates, for which they have received customary fees and commissions and expect to provide these services to us and our affiliates in the future, for which they expect to receive customary fees and commissions.

United Kingdom

Each of the Lead Managers has represented and agreed that:

- it has complied and will comply with all applicable provisions of the Regulations and of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to our company or the Issuer.

The Russian Federation

Each of the Lead Managers has represented, warranted and agreed that it has not offered or sold or otherwise transferred any Notes as part of their initial distribution to or for the benefit of any persons (including legal entities) that are resident, organized, registered, established or having their usual residence or place of business in the Russian Federation or to any person located within the territory of the Russian Federation, except in compliance with Russian law.

Ireland

Each of the Lead Managers has represented, warranted and agreed that:

- it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct issued in connection therewith, and the provisions of the Investor Compensation Act 1998;
- it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Central Bank Acts 1942-2010 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;
- it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank; and
- it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank.

Hong Kong

Each Lead Manager has represented, warranted and agreed that it has not offered or sold and will not offer or sell Notes in Hong Kong, by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap.32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance. Further, each Lead Manager has represented, warranted and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that ordinance.

Singapore

Each Lead Manager has acknowledged that this prospectus has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Lead Manager has represented, warranted and agreed that it has not circulated or distributed, nor will it circulate or distribute, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes offered in this Offer, nor has it offered or sold, or caused such Notes to be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

GENERAL INFORMATION

1. The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC. The common code of the Unrestricted A Notes is 058703095 and the ISIN is XS0587030957. The common code of the Unrestricted B Notes is 058703109 and the ISIN number is XS0587031096. The common code of the Restricted A Notes is 058810711, the CUSIP number is 918242AC2 and the ISIN is US918242AC23. The common code of the Restricted B Notes is 058810967, the CUSIP number is 918242AD0 and the ISIN is US918242AD06.

2. So long as any of the Notes is outstanding and the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the company will promptly furnish, for the benefit of holders from time to time of Notes, upon request, to holders of Notes and prospective purchasers designated by any such holders, information required to be disclosed by subsection (d)(4) of Rule 144A (or any successor provision).

3. It is expected that the listing of the Notes on the Irish Stock Exchange and the admission of the Notes to trading on the Irish Stock Exchange's regulated market for listed securities will take place on or about February 2, 2011, subject to the issuance of the Global Note Certificates. Prior to such listing and admission, however, the Irish Stock Exchange will permit dealings in the Notes in accordance with its guidelines. Transactions will normally be effected for delivery on the third business day after the transaction.

4. For so long as any of the Notes are listed on the Irish Stock Exchange, copies of the following documents may be inspected at and are available free of charge in physical form at the registered office of the Issuer and the specified office of the Principal Paying Agent in London during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

   - the memorandum and articles of association of the Issuer;
   - a copy of the charter of VimpelCom (together with an English translation thereof);
   - the Agency Agreements;
   - the Loan Agreements;
   - the Trust Deeds, which include the forms of the Global Note Certificates and the Individual Note Certificates;
   - VimpelCom's audited consolidated financial statements prepared in accordance with U.S. GAAP for the years ended December 31, 2009, 2008 and 2007;
   - VimpelCom's unaudited consolidated financial statements prepared in accordance with U.S. GAAP for the nine month periods ended September 30, 2010 and 2009;
   - VimpelCom's published non-consolidated financial statements prepared in accordance with Russian accounting principles for the years ended December 31, 2009, 2008 and 2007;
   - VimpelCom's published non-consolidated unaudited financial statements prepared in accordance with Russian accounting principles for the nine month periods ended September 30, 2010 and 2009;
   - the Issuer's audited financial statements prepared in accordance IFRS for the years ended December 31, 2009 and 2008; and
   - the authorizations listed below.

   VimpelCom does not publish or otherwise make available our non-consolidated financial statements prepared in accordance with U.S. GAAP.

5. The published annual audited financial statements of the Issuer in respect of the financial years ended December 31, 2009 and December 31, 2008, together with the audit reports prepared in connection therewith have been filed with the Irish Stock Exchange and shall be deemed to be incorporated by reference in, and to form part of, this prospectus.

6. The Loans and the issuance of the Notes have been authorized by a decision of the Supervisory Board of VimpelCom's parent, VimpelCom Ltd., dated December 21, 2010 and by a decision of the Board of Directors of the Issuer dated January 27, 2011.

7. No consents, approvals, authorizations or orders of any regulatory authorities are required by the Issuer under the laws of Ireland for maintaining the Loans or for issuing the Notes.

8. As of the date hereof, other than as disclosed in this prospectus, there has been no material adverse change in the prospects of the company since the date of its last published audited financial statements.

9. Other than as disclosed in this prospectus, there has been no significant change in the financial or trading position of the company which has occurred since the end of the last financial period for which either audited financial information or interim financial information has been published.

10. Other than as disclosed in this prospectus, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the company's financial position or profitability.

11. Since 31 December 2009, there has been no material adverse change in the financial position or prospects of the Issuer. The Issuer has no subsidiaries.

12. Since the date of incorporation of the Issuer, the Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

13. Other than as disclosed in this prospectus, in "Terms and Conditions of the Notes" and "Form of Notes and Transfer Restrictions," there are no restrictions on transfers of the Notes.

14. In connection with the loan from J.P. Morgan AG (funded by the issuance of loan participation notes by J.P. Morgan AG) on December 18, 2001, we received a clarification from the Central Bank of Russia that no license is required by VimpelCom, as a Russian legal entity, to receive and repay a loan from a non-resident that has a term greater than 180 days and which is denominated in foreign currency (such as the Loan from the Issuer), so long as the loan is made to, and payments are made out of, accounts that we maintain at an authorized Russian bank.

15. The Notes have been rated "BB+" by Standard & Poor's Ratings Services and "Ba2" by Moody's Investors Service. The company has been given a long-term corporate credit rating of "BB+" by Standard & Poor's Ratings Services and a senior implied rating of "Ba2" by Moody's Investors Service. Standard & Poor's Ratings Services is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009, although notification of the corresponding registration decision (including a decision regarding endorsement of non-EU ratings by Standard & Poor's Ratings Services) has not yet been provided by the relevant competent authorities. Moody's Investors Service is established in the European Union and has applied to be (but at the date of this publication, is not) registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

16. The Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Loans.

17. The approximate expenses in relation to the admission to trading of the Notes will be €5,000.

18. Ernst & Young LLC are members of the Non-Profit partnership "Russian Audit Chamber".

19. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent in connection with Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on its regulated market for the purposes of the Prospectus Directive.

20. Any reference to websites in this Prospectus is for information purposes only and such websites shall not form part of this document.

GLOSSARY OF TERMS

"AMPS"—Advanced Mobile Phone System, an analog cellular system standard in the 800 MHz frequency band.

"analog"—Communications by transmission of continuously varying representations of the input signal, as compared to binary coding of words in digital transmission.

"base station"—A fixed site with network equipment that is used for radio frequency communications with mobile stations, and is part of a cell, or a sector within a cell, and is connected to an MSC, an MTSO or other part of a mobile telecommunications system.

"BSC"—Base Station Controller. Network equipment designed to manage a small network of base stations.

"CDMA"—Code Division Multiple Access. A digital wireless transmission technology for use in mobile telephone communications, personal communications services and other mobile communications systems. CDMA is a spread spectrum technology in which calls are assigned a pseudo-random code to encode digital bit streams. The coded signals are then transmitted on a frequency between the end user and a cell site, where a base station processes them. CDMA allows more than one wireless user to simultaneously occupy a single radio frequency band with reduced interference.

"CDMA 450"—A 3G technology which uses CDMA 2000-1x air interface deployed in the 450 MHz range.

"CDMA 2000-1x"—A member of the family of 3G mobile telecommunications standards that use CDMA to send voice, data and signaling data between mobile phones and cell sites. It is the second generation of CDMA digital cellular, with double the voice traffic capacity of CDMA.

"cell broadcast"—A function of cellular networks that allows text messages to be broadcast to all mobile handsets in a given geographical area.

"cell site"—The entire infrastructure and radio equipment associated with a mobile telecommunications transmitting and receiving station, including the land, building, tower, antennas and electrical equipment.

"cells"—A discrete area within a mobile telecommunications system, which is equipped with transmitters, receivers and antennas and connected to switching gear and control equipment with a low-powered transmitter-receiver. Cell size varies depending on a number of factors, including terrain and capacity demands. By controlling transmission power, the radio frequencies assigned to one cell can be limited to the boundaries of that cell.

"cellular system"—A telephone system based on a grid of cells deployed at a specified frequency.

"channel"—A single path, either radio frequency or voice, for transmitting electrical signals.

"circuit-based network"—Also called a circuit-switched network. A network that establishes a dedicated circuit before communications can be transmitted. This circuit cannot be used for other means until the circuit is cancelled or closed and a new one created. If no actual communication is taking place in this circuit then the channel remains idle.

"combiner"—A device which groups several inputs that are separated by space to form a single output.

"CPP Principle"—Calling Party Pays Principle. A service through which the originator of a call to a mobile phone is charged instead of the receiver.

"CSD"—Circuit Switched Date. The original form of data transmission developed for TDMA-based mobile phone systems like GSM.

"D-AMPS"—Digital Advanced Mobile Phone System. A standard for digital mobile telephone transmissions in the 800 MHz frequency band.

"digital"—A method of storing, processing and transmitting information through the use of distinct electronic or optical pulses that represent the binary digits 0 and 1. Digital transmission and switching technologies employ a sequence of discrete, distinct pulses to represent information, as opposed to the continuously variable analog signal.

"DSL"—Digital Subscriber Line. Digital data transmission over local telephone networks.

"EDGE"—Enhanced Data Rates for Global Evolution. An advanced technology that allows subscribers to connect to the Internet and send and receive data, including digital images, web pages and photographs, up to three times faster than an ordinary GSM/GPRS network.

"fiber optic network"—Transmission system utilizing small-diameter glass fibers through which light is transmitted.

"Fixed Mobile Convergence"—The ability to connect a mobile phone to fixed-line infrastructure enabling users to maintain one number, address book and voicemail bank, taking advantage of cheap, high-speed connectivity in their fixed-line home or office setting, while enjoying mobility.

"frequency"—The number of cycles per second, measured in hertz, of a periodic oscillation or wave in radio propagation.

"Gbit"—A gigabit.

"GPRS"—General Packet Radio Services. A technology standard for high speed data transmission over GSM networks.

"GSM"—Global System for Mobile Communications. A standard for digital mobile telephone transmissions in the frequency bands of 900 MHz, 1800 MHz and 1900 MHz.

"GSM-900"—A GSM network in the 900 MHz frequency range.

"GSM-1800"—A GSM network in the 1800 MHz frequency range.

"GSM-1900"—A GSM network in the 1900 MHz frequency range.

"HSPA"—High Speed Packet Access. A collection of mobile telephony protocols that extend and improve the performance of existing UMTS protocols.

"HSDPA"—High Speed Downlink Packet Access. A form of HSPA, which provides enhanced performance by using improved modulation and by refining the protocols by which handsets and base stations communicate.

"IMPS"—Instant Messaging and Presence Service. An instant messaging technology created specifically for mobile devices.

"infrastructure"—Fixed infrastructure equipment consisting of base stations, base station controllers, antennas, switches, management information systems and other equipment that receives, transmits and processes signals from and to subscriber equipment and/or between mobile telecommunications systems and the public switched telephone network.

"interconnect"—Any variety of hardware arrangements that permit the connection of telecommunications equipment to a communications common carrier network such as a public switched telephone network.

"IP"—Internet Protocol. A data-oriented protocol used for communicating data across a packet-switched network.

"IP telephony"—Internet Protocol telephony. The routing of voice conversations over the Internet or any other IP-based network. The voice data flows over a general-purpose packet-switched network, instead of traditional dedicated, circuit-switched telephony transmission lines.

"ISDN"—A circuit-switched telephone network system, which allows for digital transmission of voice and data over ordinary telephone wires, enhancing voice quality.

"LAN"—Local Area Network. A computer network covering a small geographic area.

"Mbit/s"—A megabit per second.

"M-Commerce"—Mobile Commerce. Electronic commerce made through mobile devices. M-commerce can currently be used for purchases ranging from the sale of mobile phone ring-tones to location-based services.

"MHz"—Megahertz. A unit of measure of frequency; 1 MHz is equal to one million cycles per second.

"microwave"—Electromagnetic waves in radio frequencies above 890 MHz and below 20 GHz.

"MMS"—Multimedia Messaging Service. A mobile messaging service that allows the addition of photos, pictures and audio to text messages.

"network equipment"—The fixed infrastructure consisting of base stations, base station controllers, mobile switching centers and related information processing control points that manages communications between the mobile unit and the public switched telephone network.

"plesiochronous digital hierarchy"—A technology for transporting data over digital transport equipment such as fiber optic and microwave radio systems.

"roaming"—A service offered by wireless communications network operators which allows a subscriber to use his or her handset while in the service area of another carrier. Roaming requires an agreement between operators of different individual markets to permit customers of either operator to access the other's system.

"SIM card"—Subscriber Identity Module card. GSM subscriber data is contained on a SIM card, which can be transferred from one mobile telephone to another.

"SMS"—Short Messaging Service. Mobile messaging service which allows cellular customers to send and receive text messages.

"spectrum"—The range of electromagnetic frequencies available for use.

"switch"—The switch completes a call by connecting it to the wireline telephone network or another mobile telephone unit. Incoming calls are received by the switch, which instructs the appropriate cell to complete the communications link by radio signal between the cell's transmitter-receiver and the mobile telephone. The switch also records information on system usage and subscriber statistics.

"TDMA"—Time Division Multiple Access. A channel access method for shared medium networks, which makes it possible for multiple users to share the same frequency channel.

"telephony"—The process of converting sounds into electrical impulses for transmission over a connecting medium such as wires, fiber optics or microwave.

"UMTS"—Universal Mobile Telecommunications Services. UMTS is a type of 3G mobile telecommunications technology. It is a multi-function mobile system with wideband multimedia capabilities as well as present narrowband capabilities. UMTS will probably consist of a family of interworking networks, delivering the same new and innovative personal communication services to users regardless of used networks.

"VoIP"—Voice Over Internet Protocol. A protocol optimized for the transmission of voice through the Internet or other packet switched networks.

"WAN"—Wide Area Network. A computer network covering a large geographic area.

"WAP"—Wireless Application Protocol technology. A new advanced intelligent messaging service for digital mobile wireless devices and other mobile terminals that will allow users to see Internet content in special text format on special WAP-enabled GSM mobile wireless devices.

"WiFi"—Wireless Fidelity. See WLAN.

"wireline telephone network"—Conventional telephone system that uses wires or cables, rather than radio signals, to transmit information.

"WLAN"—Wireless local-area network, also known as wireless LAN. A network that uses high-frequency radio waves as its carrier to give a network connection to all users in the surrounding area. The backbone network usually uses cables, with one or more wireless access points connecting the wireless users to the wired network.

"*3G"*—Third generation wireless, the next generation of wireless communications. 3G wireless technologies allow for much higher transmission rates to wireless communications devices.

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OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
(a wholly-owned subsidiary of VimpelCom Ltd.)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	September 30, 2010	December 31, 2009
		(In thousands of US dollars, except share amounts)	
Assets			
Current assets:			
Cash and cash equivalents		**$ 1,951,960**	$ 1,446,949
Trade accounts receivable, net of allowance for doubtful accounts		**482,071**	392,365
Inventory		**73,443**	61,919
Deferred income taxes		**60,634**	91,493
Input value added tax		**143,054**	96,994
Due from related parties		**110,517**	249,631
Other current assets		**329,910**	627,257
Total current assets		**3,151,589**	2,966,608
Property and equipment, net		**5,562,015**	5,561,569
Telecommunications licenses, net		**458,848**	542,597
Goodwill		**3,493,122**	3,284,293
Other intangible assets, net		**634,740**	700,365
Software, net		**415,279**	448,255
Investments in associates		**445,952**	436,767
Other assets		**670,496**	792,087
Total assets		**$14,832,041**	$14,732,541
Liabilities, redeemable noncontrolling interest and equity			
Current liabilities:			
Accounts payable		**$ 696,912**	$ 545,690
Due to employees		**139,608**	113,368
Due to related parties		**21,156**	9,211
Accrued liabilities		**253,759**	315,666
Taxes payable		**266,475**	212,767
Customer advances, net of VAT		**312,703**	376,121
Customer deposits		**28,412**	28,386
Short-term debt	**6**	**1,637,265**	1,813,141
Total current liabilities		**3,356,290**	3,414,350
Deferred income taxes		**475,855**	596,472
Long-term debt	**6**	**4,360,230**	5,539,906
Other non-current liabilities		**164,149**	164,636
Commitments, contingencies and uncertainties	**9**	**–**	–
Total liabilities		**8,356,524**	9,715,364
Redeemable noncontrolling interest	**7**	**518,664**	508,668
Equity:			
Convertible voting preferred stock (.005 rubles nominal value per share), 10,000,000 shares authorized; 6,426,600 shares issued and outstanding		**–**	–
Common stock (.005 rubles nominal value per share), 90,000,000 shares authorized; 51,281,022 shares issued (December 31, 2009: 51,281,022); 51,281,022 shares outstanding (December 31, 2009: 50,714,579)		**92**	92
Additional paid-in capital		**1,165,270**	1,143,657
Retained earnings		**5,243,311**	4,074,492
Accumulated other comprehensive loss		**(504,716)**	(488,277)
Treasury stock, at cost, 11,327,200 shares of Vimpelcom Ltd. common stock (December 31, 2009: 11,328,860)		**(223,406)**	(223,421)
Total Vimpelcom shareholders' equity		**5,680,551**	4,506,543
Noncontrolling interest		**276302**	1,966
Total equity		**5,956,853**	4,508,509
Total liabilities, redeemable noncontrolling interest and equity		**$14,832,041**	$14,732,541

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

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
(a wholly-owned subsidiary of VimpelCom Ltd.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Nine months ended September 30,	
	2010	**2009**
	(In thousands of US dollars)	
Operating revenues:		
Service revenues	**$6,979,602**	$6,298,463
Sales of equipment and accessories	**104,390**	86,998
Other revenues	**11,779**	14,694
Total operating revenues	**7,095,771**	6,400,155
Revenue based tax	**–**	(5,839)
Net operating revenues	**7,095,771**	6,394,316
Operating expenses:		
Service costs	**1,590,661**	1,370,952
Cost of equipment and accessories	**115,637**	85,564
Selling, general and administrative expenses	**2,019,235**	1,710,198
Depreciation	**1,038,208**	1,000,201
Amortization	**206,377**	213,947
Provision for doubtful accounts	**39,769**	42,974
Total operating expenses	**5,009,887**	4,423,836
Operating income	**2,085,884**	1,970,480
Other income and expenses:		
Interest income	**32,534**	41,310
Net foreign exchange gain/ (loss)	**(5,170)**	(397,191)
Interest expense	**(393,982)**	(434,802)
Equity in net gain/ (loss) of associates	**26,505**	(25,754)
Other expenses, net	**(83,535)**	(8,124)
Total other income and expenses	**(423,648)**	(824,561)
Income before income taxes	**1,662,236**	1,145,919
Income tax expense	**459,729**	309,665
Net income	**1,202,507**	836,254
Net income/(loss) attributable to the noncontrolling interest	**33,688**	(2,136)
Net income attributable to Vimpelcom	**$1,168,819**	$ 838,390

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

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
(a wholly-owned subsidiary of VimpelCom Ltd.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Nine months ended September 30, 2010	2009
		(In thousands of US dollars)	
Operating activities			
Net cash provided by operating activities		**$ 2,468,278**	$ 2,761,844
Investing activities			
Purchases of property and equipment		**(690,928)**	(482,455)
Purchases of intangible assets		**(15,245)**	(13,067)
Purchases of software		**(127,178)**	(128,001)
Acquisition of Foratec,net of cash acquired	**2**	**(36,372)**	–
Investments in associates		**–**	(12,424)
Payment for shares in Golden Telecom	**9**	**(143,569)**	–
Cash increase due to Sky Mobile consolidation	**3**	**4,702**	–
Loan granted		**(5,305)**	–
Loan receivable repayment		**22,910**	–
Proceeds from withdrawal of deposits		**435,194**	–
Purchases of other assets, net		**(16,674)**	(29,877)
Net cash used in investing activities		**(572,465)**	(665,824)
Financing activities			
Proceeds from bank and other loans		**268,450**	1,226,137
Repayments of bank and other loans		**(1,589,976)**	(1,691,052)
Payments of fees in respect of debt issues		**(2,606)**	(51,516)
Net proceeds from employee stock options		**27**	5,412
Purchase of noncontrolling interest in consolidated subsidiaries		**(12,594)**	(439)
Payment of dividends		**(2,049)**	–
Payment of dividends to noncontrolling interest		**(34,517)**	(718)
Net cash used in financing activities		**(1,373,265)**	(512,176)
Effect of exchange rate changes on cash and cash equivalents		**(17,537)**	23,788
Net increase in cash and cash equivalents		**505,011**	1,607,632
Cash and cash equivalents at beginning of period		**1,446,949**	914,683
Cash and cash equivalents at end of period		**$ 1,951,960**	$ 2,522,315

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
(a wholly-owned subsidiary of VimpelCom Ltd.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)

	Nine months ended September 30,	
	2010	**2009**
	(In thousands of US dollars)	
Supplemental cash flow information		
Cash paid during the period:		
Income tax	$490,468	$280,774
Interest	379,088	377,568
Non-cash activities:		
Accounts payable for property, equipment and other long-lived assets	264,126	128,150

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

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
(a wholly-owned subsidiary of VimpelCom Ltd.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME

	Common stock amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total equity attributable to VimpelCom	Noncontrolling interest	Total equity	Redeemable noncontrolling interest	Net income
					(In thousands of US dollars)					
Balances at December 31, 2009	**$92**	**$1,143,657**	**$4,074,492**	**$(488,277)**	**$(223,421)**	**$4,506,543**	**$ 1,966**	**$4,508,509**	**$508,668**	**–**
Exercise of stock options	–	12	–	–	15	**27**	–	**27**	–	–
Stock based compensation accrual	–	879	–	–	–	**879**	–	**879**	–	–
Dividends to noncontrolling interest	–	–	–	–	–	**–**	(35,919)	**(35,919)**	–	–
Acquisition of noncontrolling interests	–	(10,263)	–	–	–	**(10,263)**	(37)	**(10,300)**	–	–
Consolidation of Variable interest entity *(Note 2)*	–	–	–	–	–	**–**	332,889	**332,889**	–	–
Accretion to redeemable non-controlling interest *(Note 7)*	–	30,985	–	–	–	**30,985**	–	**30,985**	(30,985)	–
Comprehensive income:										
Foreign currency translation adjustment	–	–	–	(16,439)	–	**(16,439)**	(15,304)	**(31,743)**		–
Net income/(loss)	–	–	1,168,819	–	–	**1,168,819**	(7,293)	**1,161,526**	**40,981**	**1,202,507**
Total accumulated comprehensive income (loss)	–	–	1,168,819	(16,439)	–	**1,152,380**	(22,597)	**1,129,783**	40,981	–
Balances at September 30, 2010	**$92**	**$1,165,270**	**$5,243,311**	**$(504,716)**	**$(223,406)**	**$5,680,551**	**$276,302**	**$5,956,853**	**$518,664**	**–**
Balances at December 31, 2008	**$92**	**$1,165,188**	**$3,271,878**	**$ (90,020)**	**$(239,649)**	**$4,107,489**	**$ 32,754**	**$4,140,243**	**$469,604**	**–**
Exercise of stock options	–	1,066	–	–	10,447	**11,513**	–	**11,513**	–	–
Dividends to noncontrolling interest	–	–	(75)	–	–	**(75)**	–	**(75)**	**(383)**	–
Stock based compensation accrual	–	1,843	–	–	–	**1,843**	–	**1,843**	–	–
Accretion to redeemable non-controlling interest *(Note 7)*	–	(21,865)	–	–	–	**(21,865)**	–	**(21,865)**	21,865	–
Comprehensive income:										
Foreign currency translation adjustment	–	–	–	(396,052)	–	**(396,052)**	11,557	**(384,495)**	–	–
Net income/(loss)	–	–	838,390		–	**838,390**	(16,394)	**821,996**	14,258	**836,254**
Total accumulated comprehensive loss	–	–	838,390	(396,052)	–	**442,338**	(4,837)	**437,501**	14,258	–
Balances at September 30, 2009 restated *(Note 1)*	**$92**	**$1,146,232**	**$4,110,193**	**$(486,072)**	**$(229,202)**	**$4,541,243**	**$ 27,917**	**$4,569,160**	**$505,344**	**–**

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

1. Basis of presentation and significant accounting policies

Basis of presentation

In these notes, **"VimpelCom"** or the **"Company"** refers to Open Joint Stock Company "Vimpel-Communications", its consolidated subsidiaries and its consolidated variable interest entities.

The accompanying unaudited condensed consolidated financial statements of VimpelCom have been prepared in accordance with US GAAP for interim financial information.

In the opinion of VimpelCom's management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation of financial position, results of operations and cash flow for the interim periods have been included. Operating results for the nine-month periods ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ended December 31, 2010. For further information, refer to VimpelCom's audited consolidated financial statements for the year ended December 31, 2009.

The balance sheet at December 31, 2009, presented herein has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by US GAAP for complete annual financial statements.

The accompanying financial statements have been presented in US dollars. Amounts are presented in thousands, except for share and per share (ADS) amounts or unless otherwise indicated.

VimpelCom Ltd.

On April 21, 2010, VimpelCom Ltd. successfully completed an exchange offer (**"Exchange Offer"**) for VimpelCom shares (including shares represented by ADSs), and acquired approximately 98% of VimpelCom's outstanding shares (including shares represented by ADSs). Therefore, effective April 21, 2010, VimpelCom is a subsidiary of VimpelCom Ltd. After the completion of the offer, the affiliates of Altimo Holdings & Investments Limited (**"Altimo"**) contributed to VimpelCom Ltd's subsidiary VimpelCom Holdings 99.99% of their ownership interests in Storm LLC, which in turn owns 43.5% of outstanding shares in Closed Joint Stock Company "Kyivstar G.S.M." (**"Kyivstar"**), one of the leading providers of mobile telecommunications services in Ukraine, in exchange for 6,557,635 VimpelCom Holdings common shares, and to VimpelCom Ltd. 0.01% of their ownership interests in Storm LLC in exchange for 13,120 VimpelCom Ltd. common shares. Affiliates of Telenor ASA (**"Telenor"**) contributed their Kyivstar's shares (56.5% of equity) to VimpelCom Holdings in exchange for 8,524,363 VimpelCom Holdings shares. Affiliates of Altimo and affiliates of Telenor subsequently exchanged their shares in VimpelCom Holdings for shares in VimpelCom Ltd.

On May 25, 2010, VimpelCom Ltd. served a squeeze-out demand notice to VimpelCom demanding that the remaining shareholders of VimpelCom sell their shares to VimpelCom Ltd. The squeeze-out purchase price established by Vimpelcom Ltd. in the squeeze-out demand notice represents 11,800 RUR per share of common stock and was determined by an independent Russian appraiser. Because the squeeze-out demand notice was served before the expiration of the 35-day period after completion of the voluntary tender offer for all VimpelCom shares, the remaining shareholders' buy-out rights were pre-empted and could not be exercised. The squeeze-out process was completed on August 6, 2010, VimpelCom Ltd. became the sole shareholder of VimpelCom.

VimpelCom Ltd. ADSs began trading on the New York Stock Exchange ("NYSE") on April 22, 2010.

On May 14, 2010, OJSC VimpelCom ADS were delisted from the NYSE. On June 2, 2010, OJSC VimpelCom shares were delisted from RTS (the Russian Trading Systems).

In connection with the Exchange Offer and related regulatory filings, effective September 30, 2009, the Company changed its reporting currency to the US dollar from the Russian ruble. The financial information as of September 30, 2009 and for the nine months then ended has been recast from that previously issued.

Property and equipment

Property and equipment is stated at historical cost. The Company depreciates property and equipment assets using the straight-line method, depreciation expense is recognized ratably over the estimated useful life of the asset.

The following categories with the associated useful lives are used:

Mobile telecommunications equipment	7 - 9 years
Fixed line telecommunication equipment	3 - 12 years
Fiber-optic equipment	9 - 10 years
Buildings and constructions	20 years
Electronic exchange devices	7 years
Office and measuring equipment, vehicles and furniture	5 - 10 years

Equipment acquired under capital leases is depreciated using the straight-line method over its estimated useful life or the lease term, whichever is shorter. Depreciation of these assets recorded under capital leases is included in "depreciation" in the statement of income. Capitalized leasehold improvement expenses for base station positions is depreciated using the straight-line method over the estimated useful life of seven years or the lease term, whichever is shorter.

Repair and maintenance costs are expensed as incurred. Interest costs are capitalized with respect to qualifying construction projects, the capitalization period begins when "qualifying expenditures" are made, development activities are underway and interest cost is being incurred.

Accumulated depreciation on property and equipment amounted to US$4,493,625 and US$3,730,395 as of September 30, 2010 and December 31, 2009, respectively.

Short – term deposits

Short – term deposits represent bank deposits carried at amounts of cash deposited with maturity dates within the twelve months period ended September 30, 2011 except of deposits with an original maturity of 3 months or less at the time of purchase. Deposits can be withdrawn prior to the contractual maturity date. In case of early withdrawal interest rate will be decreased. As of September 30, 2010, the short term deposits were recorded in other current assets in the amount of US$54,642.

Long – term deposits

Long – term deposits represent bank deposits carried at amounts of cash deposited with maturity dates after September 30, 2011. Deposits can be withdrawn prior to the contractual maturity date. In case of early withdrawal interest rate will be decreased. As of September 30, 2010, the long term deposits were recorded in other non current assets in the amount of US$1,483.

Revenue recognition

VimpelCom generates revenues from providing voice, data and other telecommunication services through a range of wireless, fixed and broadband internet services, as well as selling equipment and accessories. Service revenues include revenues from airtime charges from contract and prepaid subscribers, monthly contract fees, interconnect revenue, roaming charges and charges for value added services (**"VAS"**). Interconnect revenue is generated when the Company receives traffic from mobile or fixed subscribers of other operators and that traffic terminates on VimpelCom's network. Roaming revenues include both revenues from VimpelCom customers who roam outside of home country network and revenues from other wireless carriers for roaming by their customers on VimpelCom's network. VAS includes short messages (**"SMS"**), multimedia messages (**"MMS"**), caller number identification, call waiting, data transmission, mobile Internet, downloadable content and other services. The cost of content revenue relating to VAS is presented net of related costs when the Company acts as an agent of the content providers. VimpelCom charges subscribers a fixed monthly fee for the use of the service, which is recognized as revenue in the respective month.

Service revenue is generally recognized when the services (including VAS and roaming revenue) are rendered. Prepaid cards, used as a method of cash collection, are accounted for as customer advances for future services. Prepaid cards do not have expiration dates but are subject to statutory expiration periods, and unused balances are added to service revenue when cards expire. Also, VimpelCom uses E-commerce systems, retail offices and agent locations as channels for receiving customer payments. Revenues from mobile equipment sales, such as handsets, are recognized in the period in which the equipment is sold.

Revenue from Internet services is measured primarily by monthly fees and internet-traffic volume which has been not included in monthly fees. Revenue from service contracts is accounted for when the services are provided. Payments from customers for fixed-line equipment are not recognized as revenue until installation and testing of such equipment are completed and accepted by the customer. Domestic Long Distance/International Long Distance (**"DLD/ILD"**) and zonal revenues are recorded gross or net depending on the contractual arrangements with the end-users. The Company recognizes DLD/ILD and zonal revenues from local operators net of payments to these operators for interconnection and agency fees when local operators establish end-user tariffs and assume credit risk.

Revenues are stated net of value-added tax and sales tax charged to customers.

In accordance with the provisions of ASC 605-10-S25-3, Revenue Recognition-Overall-SEC Recognition-Delivery and Performance, VimpelCom defers upfront telecommunications connection fees. The deferral of revenue is recognized over the estimated average subscriber life, which is from 15 to 30 months for mobile subscribers and from 4 to 9.5 years for fixed line subscribers. The Company also defers direct incremental costs related to connection fees for fixed line subscribers, in an amount not exceeding the revenue deferred.

Income taxes

For purposes of these interim condensed consolidated financial statements, VimpelCom recognizes tax expense on the basis of the expected effective tax rate for the financial year 2010. At the end of each interim period VimpelCom makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year, with that rate being used to record income taxes on a current year-to-date basis. The effective tax rate reflects anticipated tax credits, non-deductible expenses and other permanent differences, adjustments and other valuation movements. Discrete events are included in the period in which they occur and are not included in the expected rate for the year.

The Company's effective income tax rate increased during the nine months ended September 30, 2010 as compared to the nine months ended September 30, 2009 primarily due to the tax effects of the restructuring of the entities that formerly belonged to Golden Telecom Group.

Treasury stock

Effective upon the closing of the Exchange Offer on April 21, 2010 (Note 1), VimpelCom modified its Stock based compensation plan by substituting VimpelCom shares with shares of VimpelCom Ltd. As a result, each option (the "VimpelCom Option") to purchase one share of the common stock of VimpelCom that was outstanding and unexercised as of immediately prior to the closing of the Exchange Offer was deemed to be exchanged for 20 options (the "VimpelCom Ltd. Options"), each to purchase one Common Share of VimpelCom Ltd., with an exercise price per VimpelCom Ltd. Option equal to the exercise price of each VimpelCom Option, divided by 20. The Company accounts VimpelCom Ltd. shares as treasury stock – a separate item of equity in the accompanying consolidated balance sheet.

Recent accounting pronouncements

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R), primarily codified in ASC 810-10, Consolidation-Overall. SFAS 167 amends FIN 46(R), to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This statement is effective for both interim and annual periods as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009. The adoption of this statement

required VimpelCom to consolidate LLC Sky Mobile (**"Sky Mobile"**) as a variable interest entity starting January 1, 2010 (*Note 2*).

In October 2009, FASB issued ASU 2009-13, Revenue Recognition, codified in ASC 605-25, Revenue Recognition – Multiple Element Arrangement. ASU 2009-13 eliminates the use of the residual method of allocation and requires use of the relative-selling price method. ASU 2009-13 expands the disclosures required for multiple-element revenue arrangements. ASU 2009-13 is effective for both interim and annual periods as of the beginning of reporting entity's first annual reporting period that begins after June 15, 2010 with earlier application permitted for full annual periods. VimpelCom adopted ASU 2009-13 since the January 1, 2010 by means of prospective application of its provisions. No changes in the units of accounting occurred as a result of the adoption of ASU 2009-13, no changes in the pattern and timing of revenue recognition took place. The Company uses vendor specific evidence of selling price (VSOE) as the basis for allocation of multiple element arrangement's considerations. The adoption of the ASU 2009-13 has not materially affected the financial statements in the period after the initial adoption, as the fair value of elements from multiple arrangements approximate their VSOE values and revenue from multiple arrangements is not significant.

In January 2010, FASB issued ASU 2010-06, Improving Disclosures about Fair Value Measurements, an amendment of ASC 820, Fair Value Measurements and Disclosures (formerly SFAS No. 157 *Fair Value Measurements*). ASU 2010-06 requires additional disclosures regarding assets and liabilities that are transferred between levels of the fair value hierarchy. ASU 2010-06 clarifies guidance pertaining to the level of disaggregation at which fair value disclosures should be made and the requirements to disclose information about the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the requirement to separately disclosure purchases, sales, issuances, and settlements in the Level 3 rollforward, which becomes effective for fiscal years (and for interim periods within those fiscal years) beginning after December 15, 2010. The adoption of this statement expanded VimpelCom's disclosures relative to fair value measurements (Note 4).

In April 2010, FASB issued ASU 2010-13, Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades. ASU 2010-13 clarifies that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, such an award should not be classified as a liability if it otherwise qualifies as equity. The adoption of the ASU does not affect VimpelCom's Financial Statements as historically VimpelCom qualifies such share-based payments as equity instruments.

In July 2010, FASB issued ASU 2010-20, Disclosure about credit quality of financing receivables and the allowances for credit losses, an amendment of ASC 310, Receivables. The ASU requires to provide extensive new disclosures about financing receivables, including credit risk exposures and the allowance for credit losses. Among other things are: a rollforward of the allowance for credit losses, credit quality information such as credit risk scores or external credit agency ratings, impaired loan information, modification information, nonaccrual and past due information. ASU 2010-20 is effective for interim and annual reporting periods ending on or after 15 December 2010. The adoption of this statement will expand VimpelCom's disclosures relative to financing receivables.

Restatement of the measurement of noncontrolling interest

The unaudited condensed consolidated financial statements as of September 30, 2009 and for the nine-month periods ended September 30, 2009 have been restated. The restatement was required to correct the Company's treatment of its redeemable noncontrolling interest described in Note 7.

Prior to the restatement, the Company accounted for the noncontrolling interest at its carrying value as permanent equity under the line item "Noncontrolling interest." In accordance with ACS 480-10, the noncontrolling interest held by Crowell in Limnotex should have been classified as temporary equity (under the line item **"Redeemable noncontrolling interest"**) in its consolidated financial statements and recorded at its estimated fair value at the date

of the change to its contractual arrangements with Crowell. The difference between this amount and the previous carrying value of the noncontrolling interest was charged to the VimpelCom's shareholders' equity.

The amounts originally presented in additional paid-in capital, accumulated other comprehensive loss, and noncontrolling interest as of September 30, 2009 and December 31, 2008 have been restated to initially recognize the redeemable noncontrolling interest as temporary equity on June 28, 2008 at fair value and to account for the subsequent accretion of the redeemable noncontrolling interest accordingly.

2. Business combinations

On July 29, 2010, VimpelCom acquired 100% of the share capital of Closed Joint Stock Company Foratec Communication (**"Foratec"**), one of the leading alternative fixed-line providers in Urals region of Russia. The primary reason for the acquisition of Foratek was enhancing VimpelCom presence in Ural Region, including business services market. The total value of the transaction amounted to RUR1,120 million (the equivalent to US$37,096 as of July 29, 2010. The acquisitions were recorded under the purchase method of accounting. The fair value of acquired identifiable net assets of Foratec amounted to US$13,381. The excess of the acquisition cost over the fair market value of the identifiable net assets amounted to US$23,715. This amount was recorded as goodwill, was mainly assigned to the Russia fixed reporting unit and is subject to annual impairment tests. The recognized goodwill is expected to be realized primarily from the synergy combination of VIP and Foratec's regional operations.

On July 30, 2010, VimpelCom increased its ownership interest in Limited Liability Company Tacom, a consolidated Tajikistan subsidiary of VimpelCom, from 80% to 90% by acquiring an additional 10% ownership interest for a total cash consideration of US$10,300. The transaction was accounted for as a decrease in noncontrolling interest and a change in additional paid-in capital.

3. Consolidated variable interest entities

Sky Mobile

On February 13, 2008, VimpelCom advanced to Crowell Investments Limited (**"Crowell"**), under a loan agreement as of February 11, 2008 (the **"Crowell Loan Agreement"**), a loan in the principal amount of US$350,000 and at the interest rate of 10%. The loan was secured by 25% of the shares of Limnotex Developments Limited (**"Limnotex"**).

The Crowell Loan Agreement was entered into after Crowell acquired the entire issued share capital of Menacrest Limited (**"Menacrest"**), which is the parent company of Sky Mobile, a mobile operator in Kyrgyzstan, holding GSM and 3G licenses to operate over the entire territory of Kyrgyzstan *(Note 8).* Crowell granted the Company two call options (the **"Call Option Agreement"**) over the entire issued share capital of Menacrest.

On May 29, 2009, VimpelCom agreed to amend the Crowell Loan Agreement in that the term of the loan facility was extended until February 11, 2014 and interest rate has been changed to be a fixed amount per annum starting from the effective date of the amendment. Also, the security interest granted by Crowell to VimpelCom over 25% of the shares of Limnotex was replaced by a security interest over 100% of the shares of Menacrest.

In accordance with ASC 810-10, VimpelCom analyzed these agreements to determine if the entities that are party to them are variable interest entities (**"VIE"**) on both quantitative and qualitative basis. The Company concluded that Sky Mobile is a VIE.

As a result of the adoption of ASC 810-10, Consolidation-Overall, starting January 1, 2010 (*Note 1*) VimpelCom was considered the primary beneficiary of Sky Mobile because VimpelCom: (1) has the power to direct matters that most significantly impact the activities of the VIE through the management agreement (**"Management Agreement"**) (*Note 10*) arranged between KaR-Tel Limited Liability Partnership (**"KaR-Tel"**), a consolidated subsidiary of VimpelCom, and Sky Mobile, and (2) has the right to receive benefits of the VIE that could potentially be significant to the VIE. The right is achieved through the price mechanism of the Call Option Agreement and through the agreement that all dividends declared and distributed by Sky Mobile and Menacrest should be transferred directly to VimpelCom as settlement of the outstanding loan and interest accrued due from Crowell.

The consolidation of Sky Mobile was accounted for as a business combination under ASC 805, Business Combinations. The Company does not own any shares in Sky Mobile, thus, all the equity of Sky Mobile was classified as noncontrolling interest.

Under ASC 810-10, VimpelCom is required to initially measure the assets, liabilities and noncontrolling interest in Sky Mobile at their carrying amounts as of January 1, 2010, such carrying amounts being the amounts at which the assets, liabilities and noncontrolling interest would have been carried in the consolidated financial statements of VimpelCom if the amended standard had been effective at the date when VimpelCom first met the conditions to be the primary beneficiary under the amended standard, and the fair values of the assets, liabilities and noncontrolling interest of Sky Mobile had been initially measured at such a date. VimpelCom has determined that such a date was March 28, 2008. The evaluation of fair value of net identifiable assets of Sky Mobile as of March 28, 2008 is not yet finalized due to additional time required to obtain valuations.

The provisional values of consolidated identifiable assets and liabilities of Sky Mobile as of January 1, 2010, the date VimpelCom initially consolidated Sky Mobile due to the application of requirements of ASC 810-10 (*Note 1*), were as follows:

	As of the Effective Date of Consolidation
Cash and cash equivalents	$ 4,702
Other current assets	26,358
Property and equipment (5 years weighted average remaining useful life)	81,582
Licenses (6 years weighted average remaining useful life)	12,212
Other intangible assets	32,787
Goodwill	202,804
Other non-current assets	4,557
Total assets acquired	365,002
Current liabilities	(25,178)
Long-term liabilities	(6,935)
Total liabilities	(32,113)
Noncontrolling interest	$(332,889)

The recognized goodwill is expected to be realized from the potential of Kyrgyzstan telecommunication market development in the future as well as synergies with other operating markets in CIS.

The results of operations of Sky Mobile were included in the accompanying consolidated statement of income from the effective consolidation date of January 1, 2010, as required by ASC 810-10.

Creditors and beneficial interest holders of Sky Mobile have no recourse to the general credit of VimpelCom. The Company is not contractually required and did not provide Sky Mobile with financial support, thus Sky Mobile is primarily financed from its own sources.

The magnitude of Sky Mobile's impact on VimpelCom's financial position and performance may be illustrated by the following. As of September 30, 2010, the carrying amounts of Sky Mobile current assets and non-current assets were US$36,964 and US$296,764, and short-term liabilities and long-term liabilities were US$34,226 and US$6,236, respectively, before eliminating intercompany balances, in the accompanying consolidated balance sheet. Also, net operating revenue, operating income and net income attributable to VimpelCom of Sky Mobile, before eliminating intercompany transactions, for the nine-month period ended September 30, 2010 were US$82,346, US$14,134 and nil, respectively, in the accompanying consolidated statement of income. Sky Mobile's impact on VimpelCom cash flows is immaterial.

The following unaudited pro forma combined results of operations for VimpelCom give effect to the Sky Mobile business combination as if it had occurred on January 1, 2009. These pro forma amounts are provided for

informational purposes only and do not purport to present the results of operations of VimpelCom had the transactions assumed therein occurred on or as of the date indicated, nor is it necessarily indicative of the results of operations which may be achieved in the future.

Unaudited	Nine Months Ended September 30, 2009
Pro forma total operating revenues	$6,476,723
Pro forma net gain/(loss) attributable to VimpelCom	838,390

4. Derivative instruments

VimpelCom uses derivative instruments, including swaps, forward contracts and options to manage certain foreign currency and interest rate exposures. The Company views derivative instruments as risk management tools and does not use them for trading or speculative purposes. Derivatives are considered to be economic hedges, however all derivatives are accounted for on a fair value basis and the changes in fair value are recorded in the statement of income. Cash flows from derivative instruments are reported in the operating activities section in the statement of cash flows.

The Company measures the fair value of derivatives on a recurring basis, using observable inputs (Level 2), such as LIBOR floating rates, which were 0.49781% and 0.28219% as of September 30, 2010 and December 31, 2009, respectively, using income approach with present value techniques.

The following table represents VimpelCom's derivatives as of September 30, 2010 and for the nine-month periods ended September 30, 2010 and 2009:

	Nine months ended September 30, 2010		Nine months ended September 30, 2009	
Derivatives not designated as Hedging instruments under ASC 815-10	Location of gain (loss) recognized in income on derivative	Location of gain (loss) recognized in income on derivative	Location of gain (loss) recognized in income on derivative	Location of gain (loss) recognized in income on derivative
Interest rate exchange contracts	Other income/(expense)	$(167)	Other income/(expense)	$ 1,538
Foreign exchange contracts	Net foreign exchange (loss)/gain	–	Net foreign exchange (loss)/gain	(28,923)
Total derivatives not designated as hedging instruments under ASC 815-10		$(167)		$(27,385)

	As of September 30, 2010		As of December 31, 2009	
	Liability derivatives		Liability derivatives	
Derivatives not designated as hedging insturments under ASC 815-10	Balance Sheet Location	Fair value	Balance Sheet Location	Fair value
Interest rate exchange contracts	Accrued liabilities	$ 735	Accrued liabilities	$1,163
Interest rate exchange contracts	Other non-current liabilities	278	Other non-current liabilities	3,961
Total derivatives not designated as hedging instruments under ASC 815-10		$1,013		$5,124

On October 27, 2007, Sovintel entered into a three-year Interest Rate Swap agreement with Citibank, N.A. London Branch, to reduce the volatility of cash flows in the interest payments for variable-rate debt in the amount of US$225,000.

Pursuant to the agreement, Sovintel will exchange interest payments on a regular basis and will pay a fixed rate equal to 4.355% in the event LIBOR floating rate is not greater than 5.4%, and otherwise Sovintel shall pay LIBOR floating rate. As of September 30, 2010, outstanding notional amount was US$103,883 (*Note 10*).

The disclosure of derivatives fair value is also provided in Note 5.

5. Fair value of financial instruments

VimpelCom measures financial assets and financial liabilities at fair value on a recurring basis.

The following table provides the disclosure of fair value measurements separately for each major security type measured at fair value.

	Fair Value Measurements as of September 30, 2010 Using				Fair Value Measurements as of December 31, 2009 Using			
Description	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total as of September 30, 2010	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total as of December 31, 2009
Interest rate exchange contracts (Note 3)	$–	$1,013	$–	$1,013	$–	$5,124	$–	$5,124
Total liabilities	$–	$1,013	$–	$1,013	$–	$5,124	$–	$5,124

As of September 30, 2010 and December 31, 2009, the fair value of fixed and floating rate bank loans (based on future cash flows discounted at current market rates) was as follows:

	September 30, 2010		December 31, 2009	
	Carrying value	Fair value	Carrying value	Fair value
Loans payable				
Eurobonds	**$1,800,647**	**$2,079,640**	$1,800,647	$1,946,126
US$3,500 million Loan Facility	**390,000**	**390,022**	1,170,000	1,145,071
UBS (Luxemburg) S. A.	**784,764**	**875,436**	1,063,264	1,111,915
Sberbank	**1,430,357**	**1,437,844**	1,436,555	1,458,612
EUR600 million Loan Facility	**449,616**	**461,899**	632,371	636,793
Ruble Bonds	**659,282**	**713,404**	661,284	733,609
US$275 million Loan Facility	**126,968**	**129,516**	190,410	188,001
Loans receivable				
Crowell	**327,090**	**332,808**	350,000	324,652

These loans payable are recorded in long term debt except current portion, which is recorded in short term debt.

The loan granted to Crowell is recorded in other non-current assets.

The fair value of bank financing, equipment financing contracts and other financial instruments not included in the table above approximates carrying value.

5. Fair value of financial instruments

The fair market value of financial instruments, including cash and cash equivalents, which are included in current assets and liabilities, accounts receivable and accounts payable approximates the carrying value of these items due to the short term nature of these amounts.

6. Short and long term debt

VimpelCom finances its operations using a variety of lenders in order to minimize total borrowing costs and maximize financial flexibility. The Company continues to use bank debt, lines of credit and notes to fund operations, including capital expenditures.

The following table provides a summary of outstanding bank loans, equipment financing indebtedness, capital lease obligations and other debt as of:

	September 30, 2010	December 31, 2009
Bank loans, less current portion	**$4,161,876**	$5,356,655
Long-term portion of equipment financing	**198,354**	182,935
Long-term portion of capital leases	**–**	316
Total long-term debt	**$4,360,230**	$5,539,906
Bank loans, current portion	**$1,563,074**	$1,729,364
Short-term portion of equipment financing	**73,769**	79,830
Short-term portion of capital leases	**422**	3,947
Bank and other loans, current portion	**$1,637,265**	$1,813,141

On January 12, 2010, LLC VimpelCom-Invest, a consolidated Russian subsidiary of VimpelCom, determined the interest rate for the fourth and subsequent payment periods at 9.25% per annum related to its Russian ruble-denominated bonds in an aggregate principal amount of RUR10,000 million (US$427,749 at exchange rate as of July 25, 2008) issued on July 25, 2008. Bonds holders had the right to sell their bonds to VimpelCom-Invest until January 22, 2010 in accordance with the original terms of the bonds. On January 26, 2010, VimpelCom-Invest repurchased an aggregate principal amount of RUR6,059 million (or approximately US$201,345 at the exchange rate as of January 26, 2010) from bond holders who exercised their right to sell the bonds. As of February 24, 2010, VimpelCom-Invest sold back in the market all repurchased bonds. As of September 30, 2010, the principal amount of debt outstanding under these bonds was RUR10,000 million (equivalent to US$328,915 at the exchange rate as of September 30, 2010).

On March 12, 2010, VimpelCom signed a Termination Agreements to the Pledge Agreements signed with Sberbank on May 25, 2009 to release the telecommunication equipment from pledge.

On June 9, 2010, VimpelCom signed a series of Amendments to the following loan Agreements with Sberbank.

Starting June 1, 2010, Sberbank decreased the interest rate on loan facility agreement signed on March 10, 2009, from 10.75% to 9.00% per annum and the maximum level of the interest rate range from 11.00% to 9.25% per annum.

In accordance with an Amendment Agreement to the Loan Agreements signed on February 14, 2008 and on August 28, 2009, Sberbank decreased the interest rate on this loan facility from 11.00% to 9.25% per annum and the maximum level of the interest rate range from 11.25% to 9.5% per annum.

On June 1, 2010, VimpelCom made a drawdown of the second tranche under the Loan Agreement with HVB signed on March 24, 2009 in the amount of US$57,115. The principal amount of debt outstanding under this loan as of September 30, 2010 was US$136,724.

On April 9, 2010, VimpelCom submitted to the Russian Federal Service on the Financial Market documentation required for the potential issuance of Russian ruble-denominated bonds through the Company's Russian subsidiary LLC VimpelCom-Invest. On May 27, 2010, the Russian Federal Service on the Financial Market registered the Prospectus. The bonds may be issued depending on VimpelCom funding needs within a period of one year from the date on which the Russian Federal Service on the Financial Market registered the submitted documentation. The proposed amount of the issue is up to RUR20,000 million, which is the equivalent of approximately US$657,829 at the exchange rate as of September 30, 2010, and the proposed maturity period is five years. The coupons are to be paid semi-annually. The bond issue structure allows the issuer to grant investors a put option and/or retain a redemption right. The bonds may be issued in two series with face values of RUR10,000 million for each, and the coupon rate will be determined based on market conditions. The bonds were issued in October 2010 (Note 10).

7. Redeemable noncontrolling interest

The Company accounts for securities with redemption features that are not solely within the control of the issuer in accordance with EITF Topic D-98, Classification and Measurement of Redeemable Securities (codified as ACS 480-10 – Distinguishing Liabilities from Equity ("ACS 480-10")).

In June 2008, the Company modified its contractual arrangements with respect to the 25% noncontrolling interest in its subsidiary Limnotex, which is held by Crowell. The modified contractual arrangements contained embedded redemption features that could or will result in the noncontrolling interest being redeemable outside of the control of VimpelCom at various dates. Under the modified contractual arrangements as of December 31, 2008, Crowell could exercise a put option between January 1, 2010 and December 31, 2010, at a redemption amount of US$550,000 in the aggregate. Additionally, after the 2008 audited financial statements of KaR-Tel were issued, the Company had a call option on the noncontrolling interest for a redemption amount determined by a fair value-based pricing mechanism which should have been exercised on or before December 31, 2011.

In May 2009, the contractual arrangements related to the noncontrolling interest were further amended to extend the timing of the redeemable features embedded in the contractual arrangements. Under the amended contractual arrangements, Crowell may exercise a put option between January 1, 2013 and December 31, 2013, at a redemption amount of US$550,000 in the aggregate. Additionally, after the 2011 audited financial statements of KaR-Tel are issued, the Company may exercise a call option on the noncontrolling interest for a redemption amount determined by a fair value-based pricing mechanism and the call option must be exercised on a date which is after the issuance of the audited financial statements of KaR-Tel for the year ended December 31, 2014. As of September 30, 2010, the redemption amount of the redeemable noncontrolling interest based on this fair value-based pricing mechanism (as if the noncontrolling interest were currently redeemable) was US$674,807.

The Company classifies redeemable noncontrolling interest as temporary equity. The Company recorded it at its estimated fair value at the date of the change to its contractual arrangements with Crowell and then accreted to its redemption amount over the redemption term. The estimated fair value of the redeemable noncontrolling interest was calculated by discounting the future redemption amount of the noncontrolling interest from January 1, 2010 (the date on which the noncontrolling interest was first to become redeemable outside of VimpelCom's control (under the June 2008 modified contractual arrangements, prior to the May 2009 amendment)). The redeemable noncontrolling interest has been valued based on the terms of the put option because the fair value of the redemption amount that may be required under the put option exceeded the fair value of the redemption amount that may be required under the call option. If, in the future, the fair value of the redemption amount under the call option is greater, the redeemable noncontrolling interest will accrete to that amount. The redeemable noncontrolling interest is first credited with its share of earnings of the Company's subsidiary, Limnotex, and, to the extent that this is less than the required accretion, the difference is charged to additional paid-in capital. The charge to additional paid-in capital does not affect net income attributable to VimpelCom in the Company's income statement.

8. Segment information

Management analyzes the reportable segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. The segment data for acquired operations are reflected herein from the date of their acquisitions.

The Management Board of VimpelCom Ltd. utilizes multiple views of data to measure segment performance. The Management Board identified Russia mobile, Russia fixed line, CIS mobile, CIS fixed line, Ukraine mobile, Ukraine fixed line and Asia mobile reporting segments based on the business activities in different geographical areas. Although Georgia is no longer a member of the CIS, consistent with VimpelCom's historic reporting practice VimpelCom continues to include Georgia in its CIS reporting segment. Mobile lines include activities for the providing of wireless telecommunication services to the Company's subscribers; fixed line includes all activities for providing wireline telecommunication services, broadband and consumer Internet.

The separation of Ukraine mobile and Ukraine fixed line segments (consisting of the operations of VimpelCom's indirect Ukrainian subsidiaries Closed Joint Stock Company "Ukrainian Radio Systems" (**"URS"**) and "Golden

Telecom" Limited Liability Company (**"GT LLC"**)), from CIS mobile and CIS fixed line segments, as well as Asia mobile from "Other" item was made in the second quarter of 2010. Starting second quarter of 2010 VimpelCom also started to consider VimpelCom's equity in net results of operations of the Company's associates Morefront Holdings Ltd. and GTEL-Mobile as part of operations of Russia mobile and Asia mobile reporting segments, respectively, as well as VimpelCom's DVB-T and DVB-H activities were allocated to Russia fixed line and Russia mobile segments, respectively. These amounts were previously reported in the "All other" category. The comparative information for abovementioned changes was retrospectively adjusted.

The Management Board of VimpelCom uses measurements that are consistent with VimpelCom's consolidated financial statements and, accordingly, are reported on the same basis herein. The accounting policies of the segments are the same as those of VimpelCom. Management Board evaluates the performance of its segments on a regular basis primarily based on revenue, operating income before depreciation and amortization (**"OIBDA"**), operating income, income before income taxes and net income attributable to VimpelCom.

Intersegment revenues may be accounted for at amounts different from sales to unaffiliated companies. Historically intersegment revenues were eliminated in consolidation. Starting from January 1, 2010, VimpelCom's Management Board changed the approach to intersegment revenues and expenses in a way that operating revenues and operating expenses of Russia mobile and Russia fixed line segments from each other and operating revenues and operating expenses of CIS mobile and CIS fixed line segments from each other are eliminated on the level of a segment, as well as certain expenses and revenues were allocated to allow revenues and expenses related to those revenues to produce financial result within one segment. Headquarter expenses were allocated to appropriate reportable segments. The comparative information was retrospectively adjusted.

Financial information by reportable segment for the nine-month periods ended September 30, 2010 and 2009 is presented in the following tables.

Nine months ended September 30, 2010:

	Russia Mobile	Russia Fixed Line	CIS Mobile	CIS Fixed Line	Ukraine Mobile	Ukraine Fixed Line	Asia Mobile	Other	Total
Net operating revenues from external customers	$5,068,107	$965,280	$848,721	$79,664	$ 78,600	$40,460	$ 14,939	$ –	**$7,095,771**
Intersegment revenues	5,270	21,213	29,923	33,654	4,398	21,748	5	–	**116,211**
OIBDA	2,581,237	281,266	432,372	45,124	12,257	15,037	(25,532)	(11,292)	**3,330,469**
Operating income/(loss)	1,818,974	109,975	216,954	4,996	(22,973)	5,041	(35,791)	(11,292)	**2,085,884**
Net income/(loss) attributable to VimpelCom	1,212,706	(28,257)	94,378	(4,179)	(36,302)	2,818	(61,053)	(11,292)	**1,168,819**
Expenditures for long-lived assets	641,284	108,970	141,179	39,901	12,321	15,789	33,955	–	**993,399**

Nine months ended September 30, 2009:

	Russia Mobile	Russia Fixed Line	CIS Mobile	CIS Fixed Line	Ukraine Mobile	Ukraine Fixed Line	Asia Mobile	Other	Total
Net operating revenues from external customers	$4,507,595	$926,942	$739,248	$91,573	$ 81,628	$44,100	$ 3,230	$–	**$6,394,316**
Intersegment revenues	2,789	14,890	14,741	16,872	4,921	24,371	–	–	**78,584**
OIBDA	2,436,847	310,900	383,495	50,329	11,362	17,190	(25,495)	–	**3,184,628**
Operating income/(loss)	1,697,670	135,061	192,572	1,691	(35,131)	6,649	(28,032)	–	**1,970,480**
Net income/(loss) attributable to VimpelCom	767,561	98,839	71,930	(645)	(68,162)	5,143	(36,276)	–	**838,390**
Expenditures for long-lived assets	208,261	79,494	40,750	9,193	2,864	5,949	44,794	–	**391,305**

Information about total assets of each reporting segment as of September 30, 2010 and December 31, 2009 is as follows:

	September 30, 2010	December 31, 2009
Russia Mobile	**$ 8,621,094**	$ 8,554,209
Russia Fixed line	**4,265,160**	4,208,967
CIS Mobile	**2,836,948**	2,367,179
CIS Fixed line	**418,092**	360,242
Ukraine Mobile	**284,627**	325,368
Ukraine Fixed line	**140,716**	130,359
Asia Mobile	**389,357**	558,034
Total assets for reportable segments	**$16,955,994**	$16,504,358

A reconciliation of VimpelCom's total segment financial information to the corresponding consolidated amounts follows:

	September 30, 2010	December 31, 2009
Assets		
Total assets for reportable segments	$16,955,994	$16,504,358
Elimination of intercompany balances	(2,123,953)	(1,771,817)
Total consolidated assets	$14,832,041	$14,732,541

In Russia, Kazakhstan and Ukraine, VimpelCom's revenues from external customers amounted to US$6,033,387, US$531,656 and US$119,061 for the nine-month periods ended September 30, 2010, respectively, and long-lived assets amounted to US$5,111,383, US$679,328 and US$350,203 as of September 30, 2010, respectively.

9. Commitments, contingencies and uncertainties

The economies of the countries in which VimpelCom operates continue to display certain traits consistent with that of a market in transition. These characteristics have in the past included higher than normal historic inflation, lack of liquidity in the capital markets, and the existence of currency controls which cause the national currency to be illiquid outside of their territories.

The imposition of exchange controls or other similar restrictions on currency convertibility in CIS countries and particularly in Uzbekistan could limit VimpelCom's ability to convert local currencies in a timely manner or at all. Recent developments in Kyrgyzstan (conditions of political instability and disorders) have severely affected the country's business and economic environment. Any such restrictions and these developments could have a material adverse effect on VimpelCom's business, financial condition, results of operations and title to assets owned by Sky Mobile. The continued success and stability of the economies of these countries will be significantly impacted by their respective governments' continued actions with regard to supervisory, legal and economic reforms.

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in a decline in gross domestic product, capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia as well as ruble depreciation. While the Russian Government has introduced a range of stabilization measures aimed at providing liquidity and supporting debt refinancing for Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for Russian companies, which could affect VimpelCom's financial position, results of operations and business prospects. The crisis may also damage purchasing power of VimpelCom's customers mainly in the business sector and thus lead to decline in revenue streams and cash generation.

While management believes it is taking appropriate measures to support the sustainability of VimpelCom's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Company's results and financial position in a manner not currently determinable.

In the ordinary course of business, VimpelCom may be party to various legal and tax proceedings, and subject to claims, certain of which relate to the developing markets and evolving fiscal and regulatory environments in which VimpelCom operates. In the opinion of management, VimpelCom's liability, if any, in all pending litigation, other legal proceeding or other matters, other than what is discussed in this Note, will not have a material effect upon the financial condition, results of operations or liquidity of VimpelCom.

VimpelCom's operations and financial position will continue to be affected by political developments in the countries in which VimpelCom operates including the application of existing and future legislation, telecom and tax regulations. These developments could have a significant impact on VimpelCom's ability to continue operations. VimpelCom does not believe that these contingencies, as related to its operations, are any more significant than those of similar enterprises in such countries.

Telecom licenses capital commitments

VimpelCom's ability to generate revenues in Russia is dependent upon the operation of the wireless telecommunications networks authorized under its various licenses. VimpelCom's GSM-900/1800 licenses that cover Moscow and the Moscow region, Central region, Volga region, Caucasus region, and the Siberia region have been reissued and under the new terms expire on April 28, 2013. The GSM-900/1800 licenses that cover the Northwest region, Urals and part of Far East region expire in 2011 – 2015 (the GSM-900/1800 license for Irkutsk region, excluding Ust-Ordynskiy Buryatskiy Autonomous Region, expires in 2011).

In April 2007, VimpelCom was awarded a license for the provision of **"3G"** mobile radiotelephony communications services for the entire territory of the Russian Federation that expires on May 21, 2017. The 3G license was granted subject to certain capital commitments. The three major conditions are that VimpelCom will have to build a certain number of base stations that support 3G standards and will have to start services provision by certain dates in each subject area of the Russian Federation, and also will have to build a certain number of base stations by the end of the third, fourth and fifth years from the date of granting of the license. To date all of these conditions have been fulfilled according to the indicated terms and schedule.

KaR-Tel owns a GSM-900 license to operate over the entire territory of Kazakhstan. The license expires in August 2013. In July 2008, the GSM-900 license was amended with the permission for KaR-Tel to render services in GSM-1800 standard and with the related commitment to cover cities with population of more than 1000 people by December 31, 2012.

URS and GT LLC, VimpelCom's indirect Ukrainian subsidiaries own GSM licenses. CJSC "URS" owns a GSM-900 and 2 GSM-1800 licenses to operate over the entire territory of Ukraine, which expires in July 2021, October 2020 and December 2020 respectively. GT LLC owns three GSM-1800 licenses to operate over the nearly entire territory of Ukraine (except 3 regions), which expires in July 2014 and May 2021, respectively. In April 2009, the National Commission on Regulation of Telecommunication of Ukraine has amended its regulation establishing so-called "license terms" applicable to all mobile telecommunication network operators licensed in Ukraine.

Under the amendments, Ukrainian mobile telecommunication network operators are obliged to ensure radiofrequency coverage of 90% of cities within one year from the date of issue of respective mobile telecommunication services license, and 80% of all other settlements and major highways – within two years from the same date. In case respective license allows rendering mobile telecommunication services in several regions, each of these requirements shall be fulfilled in each region with an interval of not more than two months. These new capital commitments apply to URS and GT LLC. The commitments should be fully complied with in all regions licensed for use of radiofrequency corresponding to GSM 900/1800 standard as follows: URS – by August 2015 and GT LLC – by October 2014.

Sky Mobile owns a GSM-900/1800 license to operate over the entire territory of Kyrgyzstan which expires in May 2016 and a 3G (WCDMA/UMTS) license to operate over the entire territory of Kyrgyzstan, which is valid until October 2015. Under the 3G license, from the moment of receipt of corresponding permits to use radio-frequency bands Sky Mobile is primarily obliged to: (a) deploy 3G network in Chuy oblast within two years; (b) deploy 3G network over the entire territory of Kyrgyzstan within 5 years; (c) organize in 100 postal telegraph offices of KyrgyzPost located in the rural areas centers of public access with necessary computer equipment and access to Internet within 2 years; (d) reimburse costs required to clear radio-frequency range from existing radio-electronic equipment in the amount of up to KGS200 million (equivalent to US$4,287 at the exchange rate as of September 30, 2010). To date Sky Mobile is in full compliance with the terms of the 3G license.

Taxation

The taxation systems in the countries in which VimpelCom operates are evolving as their respective national governments transform their national economies from a command to market oriented economies. In the Russian Federation, VimpelCom's predominant market, there were many tax laws and related regulations introduced in previous periods as well as in 2010 which were not always clearly written, and their interpretation is subject to the opinions of the local tax inspectors and officials of the Ministry of Finance. Instances of inconsistent opinions between local, regional and federal tax authorities and Ministry of Finance are not unusual. Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, VimpelCom has accrued tax liabilities based on management's best estimate.

On April 30, 2009, the Company's subsidiary – Sovintel – received a final decision of the Russian tax inspectorate's audit of its tax filings for financial years 2006 and 2007. According to the final decision, Sovintel owed an additional RUR324 million in taxes (including RUR36 million in fines and penalties), which is approximately US$10,657 (including US$1,184 in fines and penalties) at the exchange rate as of September 30, 2010. Sovintel disagreed with the tax inspectorate's decision and has filed a lawsuit in the Russian Arbitration courts. The court satisfied Sovintel's lawsuit partly in the amount of RUR112 million (including RUR7 million in fines and penalties) which is approximately US$3,684 (including US$230 in fines and penalties) at the exchange rate as of September 30, 2010. The Tax inspectorate could have challenged this part of the court ruling in higher court instances during 3 months after Russian Arbitration court's decision. Date of filing of an appeal has expired.

The tax authorities have won the amount of RUR212 million (including RUR29 million in fines and penalties) in the Court of Cassation, which is approximately US$6,973 (including US$954 in fines and penalties) at the exchange rate as of September 30, 2010, which was fully accrued as of September 30, 2010 in accordance with ASC 740-10, Income taxes – Overall. The Company challenged such court decision in the Supreme Arbitration Court of the Russian Federation. The Supreme Arbitration Court of the Russian Federation dismissed an appeal.

KaR-Tel litigation

On January 10, 2005, KaR-Tel received an "order to pay" (**"Order to Pay"**) issued by The Savings Deposit Insurance Fund, a Turkish state agency responsible for collecting state claims arising from bank insolvencies (the **"Fund"**), in the amount of approximately US$5,168,036 at the exchange rate as of September 30, 2010 (stated as approximately Turkish lira 7.55 quadrillion and issued prior to the introduction of the New Turkish Lira, which became effective as of January 1, 2005). The Order to Pay, dated as of October 7, 2004, was delivered to KaR-Tel by the Bostandykski Regional Court of Almaty. The Order to Pay does not provide any information regarding the nature of, or basis for, the asserted debt, other than to state that it is a debt to the Turkish Treasury and the term for payment was May 6, 2004.

On January 17, 2005, KaR-Tel delivered to the Turkish consulate in Almaty a petition to the Turkish court objecting to the propriety of the order and requesting the Turkish court to cancel the Order to Pay and stay of execution proceedings in Turkey. The petition was assigned to the 4th Administrative Court in Turkey, and it should be reviewed pursuant to applicable law.

On June 1, 2006, KaR-Tel received formal notice of the 4th Administrative Court's ruling that the stay of execution request was denied. KaR-Tel's Turkish counsel has advised KaR-Tel that the stay request is being adjudicated separately from the petition to cancel the Order to Pay. KaR-Tel submitted an appeal of the ruling with respect to the stay application.

On June 1, 2006, KaR-Tel also received the Fund's response to its petition to cancel the order. In its response, the Fund asserts, among other things, that the order to pay was issued in furtherance of its collection of approximately Turkish lira 7.55 quadrillion (prior to the introduction of the New Turkish Lira, which became effective as of January 1, 2005) in claims against the Uzan group of companies that were affiliated with the Uzan family in connection with the failure of T. Imar Bankasi, T.A.S. The Fund's response to KaR-Tel's petition claims that the Uzan group of companies includes KaR-Tel, Rumeli Telecom A.S. and Telsim Mobil Telekomunikasyon Hizmetleri A.S. Rumeli Telecom A.S. and Telsim Mobil Telekomunikasyon Hizmetleri A.S are Turkish companies that owned an aggregate 60% of the equity interests in KaR-Tel until their interests were redeemed by KaR-Tel in November 2003 in accordance with a decision of the Review Panel of the Supreme Court of Kazakhstan. In July 2006, KaR-Tel submitted its response, dated June 30, 2006, to the Fund's response via the Kazakh Ministry of Justice, to be forwarded to the 4th Administrative Court of Istanbul. In its response, KaR-Tel denied in material part the factual and legal assertions made by the Fund in support of the order to pay.

On December 11, 2008, KaR-Tel received a Decision of Territorial Court of Istanbul dated December 12, 2007, wherein the Court rejected KaR-Tel's appeal with respect to the stay of execution request.

On October 20, 2009, KaR-Tel filed with Sisli 3d Court of the First Instance in Istanbul a claim to recognize in the Republic of Turkey the decision of the Almaty City Court of the Republic of Kazakhstan dated June 6, 2003 regarding, among other things, compulsory redemption of equity interests in KaR-Tel owned by Rumeli Telecom A.S. and Telsim Mobil Telekomunikasyon Hizmetleri A.S., which was confirmed by the Civil Panel of the Supreme Court of the Republic of Kazakhstan on June 23, 2003, as amended by the resolution of the Review Panel of the Supreme Court of the Republic of Kazakhstan dated October 30, 2003 (**"Recognition Claim"**). On October 20, 2009, KaR-Tel also filed with the 4th Administrative Court of Istanbul a petition asking the Court to treat the recognition of the Kazakhstan court decision as a precedential issue and to stay the proceedings in relation to the order to pay.

On September 28, 2010, Sisli 3d Court of the First Instance in Istanbul reviewed the Recognition Claim and ruled in favor of KaR-Tel recognizing the Kazakhstan Court judgements on the territory of the Republic of Turkey. The court decision is appealable by defendants.

The Company continues to believe that the Fund's claim is without merit, and KaR-Tel will take whatever further actions it deems necessary and appropriate to protect itself against the Fund's claim (*Note 10*).

Other litigations

Since November 2006, the Chief Executive Officer and directors of the Company have received several letters from OJSC Mobile TeleSystems (**"MTS"**) and its representatives claiming that Sky Mobile's Kyrgyz telecom business and its assets were misappropriated from Bitel, an MTS affiliate, and demanding that the Company not purchase Sky Mobile, directly or indirectly, or participate or assist in the sale of Sky Mobile to any other entities. These letters have suggested that MTS will take any and all legal action necessary against the Company in order to protect MTS's interest in Bitel and Bitel's assets. As of the date hereof, management is not aware of any pending legal action against the Company in connection with this matter except for the litigation against Sky Mobile discussed in the paragraph below.

The Company started to consolidate Sky Mobile from January 1, 2010 (*Notes 1 and 3)*. Sky Mobile is a defendant in litigation in the Isle of Man. The litigation was brought by affiliates of MTS against Sky Mobile and affiliates of Altimo and alleges that the Kyrgyz judgment determining that an Altimo affiliate was the rightful owner of interest in the equity of Bitel prior to the asset sale between Sky Mobile and Bitel and that Bitel shares and Sky Mobile assets were misappropriated. The legal proceedings in this matter are pending. At this time the Company is unable

to assess the likelihood of the ultimate outcome of this litigation and its effect on the Company's operating results and financial position.

The Federal Anti-Monopoly Service of Russia (**"FAS"**) started legal proceedings against VimpelCom, MTS and Megafon about their alleged violation of anti-monopoly legislation by charging artificially high prices for roaming services. On October 22, 2010, FAS released its conclusion that VimpelCom violated certain provisions in the Federal Law "On the Protection of Competition" in respect of its roaming services. VimpelCom does not believe that it is in violation of the anti-monopoly legislation but if its roaming tariffs are found to violate applicable legislation, the Company could face certain fines of up to 15% of the revenue from the services provided in violation of the legislation. At this stage, the Company evaluates this risk as probable. VimpelCom accrued a loss contingency in the amount of RUR68.5 million (equivalent to US$2,254 at the exchange rate as of September 30, 2010) in relation to this claim. These amounts were included in other (expenses)/income for the nine months ended September 30, 2010 in the accompanying consolidated statements of income. The related liability in the amount of RUR 68.5 million (equivalent to US$2,254 at the exchange rate as of September 30, 2010) was reflected as short-term accrued liabilities in the balance sheet as of September 30, 2010.

At the complaint from OJSC MGTS, the FAS started legal proceedings against VimpelCom about its alleged violation of anti-monopoly legislation by tying counterparties with traffic agreements containing disadvantageous prices in Moscow. On May 19, 2010, FAS found the activities of VimpelCom to be in violation of anti-monopoly legislation. VimpelCom does not believe that it is in violation of the anti-monopoly legislation and has appealed the FAS decision. The Company does not believe that an unfavorable outcome of this case is probable and no amounts have been accrued in these financial statements in relation to this claim. However, fines for violation of the anti-monopoly legislation can reach 15% of the revenue from the services provided in violation of the legislation and VimpelCom's reasonable estimate of this fine is a range between RUR58.5 million (or US$1,944 at the exchange rate as of September 30, 2010) and RUR877.4 million (or US$29,157 at the exchange rate as of September 30, 2010).

On April 18, 2008, Global Undervalued Securities Master Fund, L.P. (**"Global Undervalued"**), timely filed a petition in a Delaware court demanding appraisal of its approximately 1.4 million shares of Golden Telecom which it did not tender in the tender offer pursuant to which VimpelCom acquired Golden Telecom. On April 23, 2010, the court determined the fair value of Golden Telecom shares to be US$125.49 per share. Interest was applied for a period from February 28, 2008 to the date of payment. VimpelCom accrued an additional loss contingency in the amount of US$52,733 in relation to cash rights for shares of Golden Telecom. These amounts were included in other (expenses)/income for nine months ended September 30, 2010 in the accompanying consolidated statements of income.

In June 2010, Golden Telecom and Global Undervalued entered into an agreement pursuant to which in July 2010 Golden Telecom paid to Global Undervalued US$165,542 based on the US$105.00 per share tender offer price and interest, partially repaying the liability. Pursuant to the agreement, in July 2010 Golden Telecom deposited US$33,222 into an escrow account, reflecting it in other current assets as of September 30, 2010.

Golden Telecom, Inc. filed a notice of appeal and which is pending. Petitioners in the case have since filed a cross-appeal of the judgment. All payments already made remain subject to the final resolution of this matter and Golden Telecom may be required to make additional payments to Global Undervalued should the court rule in favor of Global Undervalued's cross-appeal

The Magadan Regional Department of Roskomnadzor (Federal Supervision Agency for Information Technologies and Communications) has commenced administrative proceedings against VimpelCom. The alleged violation consisted of provision of 2G communications services in Magadan Region after the withdrawal of the license. On May 12, 2010, a judgment was passed on the imposition of sanctions against VimpelCom in the form of a fine of 40,000 rubles (equivalent to US$1.3 as of May 12, 2010). VimpelCom filed an appeal. The hearings on the appeal are scheduled for August 18, 2010. On August 18, 2010, the decision of the court of first instance was upheld without any changes.

On May 14, 2010, the Antimonopoly Agency of Kazakhstan (**"the Agency"**) initiated an investigation of the alleged breach of antimonopoly laws of Kazakhstan by all three Kazakhstan GSM-operators (KaR-Tel LLP (TM Beeline)), GSM Kazakhstan OAO Kazakhtelecom LLP (TM KCell, Active), and Mobile Telecom Systems LLP (TM Neo)), by abuse of dominant position through infringement of consumers' rights by way of determination of a threshold (minimal) amounts of money on consumer's account required for rendering (switching on and off) roaming services (**"the Threshold Amounts"**). Further, the Agency decided to consider investigations, jointly with FAS, of Kazakhstan antimonopoly law breaches with respect to all the three Kazakhstan GSM-operators, including KaR-Tel, as well as operators-partners in the Russian Federation on indications of anticompetitive concerted actions and agreements as to establishing and (or) price maintenance as well as use of per-minute step of tariffication. The Agency also decided to make a proposal to the Ministry of Telecommunications and Information of Kazakhstan as to earlier transfer to per-second tariffication for roaming services (date determined by law is January 1, 2012), and to conduct an evaluation of roaming tariffs.

On June 21, 2010, the Agency completed the part of its investigation related to the Threshold Amounts and alleged that all three Kazakhstan GSM-operators abused their dominant position through infringement of customers' lawful rights by way of establishing the Threshold Amounts, being establishing of minimal amounts on user's account to switch on roaming services for prepaid and postpaid users in off-line roaming, and switching off roaming services when a user occurs negative balance on the consumer's account.

On July 3, 2010, the Agency initiated an administrative procedure with respect to all the three Kazakhstan GSM operators, including KaR-Tel, and issued the protocol on administrative offence (**"the Protocol"**). The Agency filed with the Administrative Court a claim based on the Protocol. The Company estimates KaR-Tel's share of administrative fines amounting to KZT 11.6 billion (the equivalent to US$78,646 at the exchange rate as of July 3, 2010). The Agency plans to continue another part of investigation – with respect to concerted actions of Kazakhstan and Russian GSM-mobile operators on establishing and/or preservation of tariffs (**"Concerted Actions Investigation"**). KaR-Tel believes that the claim of the Agency is without merits and intends to protect its rights and lawful interest in courts of Kazakhstan. On July 16, 2010, KaR-Tel filed a claim to recognize as illegal and annul the acts of the Agency, which have served as a procedural basis for the Protocol. No provisions were made in relation to this case in the accompanying condensed consolidated financial statements (Note 10).

A lawsuit was filed by the State Property Committee (Federal Agency for Management of the State Property) against Sovintel seeking eviction from the premises (about 4,000 sq. m) at Krasnokazarmennaya Street, where its Data Center and equipment are currently located. In substantiation of its claim the plaintiff asserts that the lease agreement between Sovintel and FGUP VEI is void, since it was entered into without a consent of the owner (the State Property Committee) to lease such premises. Hearings of the case are scheduled for November 13 and 29, 2010. Management evaluates the risk of an adverse outcome of this lawsuit as probable. No amounts have been accrued in these financial statements in relation to this claim due to immateriality, but in case of an adverse decision of the court, eviction of Sovintel from the premises may cause interruption of the work of the equipment (fixed-line network) that could have a negative impact on the future results of operations of the Company commencing the period when such interruption occurs.

Other commitments

On August 13, 2008, the Company entered into an agreement with Apple Sales International (**"Apple"**) to purchase 1.5 million IPhone handsets under the quarterly purchase installments over a two year period beginning with commercial launch in the fourth quarter 2008. In 2009 and 2008, the Company made 0.5% and 12% of its total purchase installment contemplated by the agreement, respectively. During the nine month period ended September 30, 2010 the Company made 5.85% of its total purchase installment contemplated by the agreement with Apple.

On September 16, 2009, VimpelCom signed an agreement for the acquisition of a 78% stake in Millicom Lao Co., Ltd., a mobile telecom operator with operations in the Lao PDR (**"Millicom Lao"**), from Millicom Holding B.V.

(Netherlands) and Cameroon Holdings B.V. (Netherlands). The remaining 22% of Millicom Lao is owned by the Government of the Lao PDR, as represented by the Ministry of Finance.

The purchase price for the acquisition will be determined on the completion date and will be based on an enterprise value of Millicom Lao of US$102,000.

On March 31, 2010, Millicom Holding B.V. sent notice to Vimpelcom that VimpelCom had not completed the agreement to acquire Millicom Holding B.V.'s 74.1% holding in Millicom Lao despite all conditions precedent having been met. The notice also stated that Millicom Holding B.V. reserved its rights under the terms of the agreement, including the right to seek compensation for any loss of value and indicated its intention to proceed with the sale of its Laos operation. The transaction has not yet been closed by VimpelCom due to absence of endorsement from the Lao government. VimpelCom is continuing to seek such endorsement, however there is no assurance that it will receive the endorsement and complete the transaction.

On August 23, 2010 the Company issued the Guarantee for VimpelCom Ltd. under the signed on July 9, 2010, a one year Bridge Facility Agreement with four international banks: Barclays, BNP Paribas, Citi and RBS, in the amount of US$470,000 for the purpose of financing the squeeze out process for VimpelCom shares (*Note 1*), which was provided to the Lenders. The Bridge Facility Agreement bears annual interest at a rate of LIBOR + 1.5% for the first three months from (and including) the signing date; LIBOR + 1.75% after the date falling three months from (and including) the signing date but before the date falling six months from (and including) the signing date; LIBOR + 2.3% after the date falling six months from (and including) the signing date but before the date falling nine months from (and including) the signing date; LIBOR + 3.3% thereafter. The full amount available under the Bridge Facility Agreement was disbursed on July 27, 2010.

10. Subsequent events

The Company evaluated subsequent events up to December 2, 2010, the date VimpelCom's Financial Statements were available to be issued.

On October 7, 2010, VimpelCom Ltd. signed a sixty years Hybrid Loan Agreement with VimpelCom Finance B.V., the Company's subsidiary. Under this agreement, VimpelCom Finance B.V. granted a loan of US$467,500 to VimpelCom Ltd. for the purpose of repayment of Bridge Facility Agreement as of July 9, 2010.

The Hybrid Loan Agreement bears annual interest at a rate of 3 Months USD LIBOR + 750 bp per annum for the initial period from (and including) the signing date till 31 December 2010 (and including), after the date 31 December 2010 at a rate of 12 Months USD LIBOR + 750 bp per annum. The interest shall be due to if VimpelCom Ltd. has positive net income in the respective interest period. The interest shall be payable at the end of the month of May following the end of relevant interest period. The loan shall expire on the last date of the financial year during which the 60th anniversary date shall have occurred being not earlier than 31 December 2070.

On October 8, 2010, VimpelCom Ltd. fully repaid before maturity the outstanding balance including the accrued interest under the one-year Bridge Facility Agreement with four international banks: Barclays, BNP Paribas, Citibank N.A., London Branch and The Royal Bank of Scotland N.V. in the aggregate amount of US$470,160.

On October 15, 2010, VimpelCom fully repaid before maturity the outstanding balance, including the accrued interest, under its unsecured loan agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd., Barclays Capital, BNP Paribas, Commerzbank Aktiengesellschaft, Standard Bank Plc, Sumitomo Mitsui Banking Corporation Europe Limited and WestLB AG, London Branch as mandated lead arrangers and bookrunners and Standard Bank Plc as agent signed on October 15, 2008 in an aggregate amount of EUR333 million (equivalent to US$469,381 at the exchange rate as of October 15, 2010).

On October 19, 2010, VimpelCom issued Russian ruble-denominated bonds through LLC VimpelCom-Invest, a consolidated Russian subsidiary of VimpelCom, in an aggregate principal amount of RUR20,000 million which is the equivalent of approximately $655,000 at the exchange rate of Central Bank of Russia as of October 19, 2010. The bonds have a five-year maturity and bear an annual interest rate of 8.3%. Interest will be paid semiannually. No

early redemption rights were granted. The proceeds of the offering will be used for financing development and expansion of VimpelCom's core business.

As of October 25, 2010, Sovintel fully exercised a SWAP under its Interest Rate SWAP agreement with Citibank (*Note 4*).

On October 27, 2010, VimpelCom fully repaid before maturity the outstanding balance, including the accrued interest, under unsecured loan agreement with banks, financial institutions and other institutional lenders as lenders, Citibank, N.A. London Branch and ING Bank N.V. as mandated lead arrangers, and Citibank International plc as agent signed by EDN Sovintel on January 25, 2007 in an aggregate amount of US$127,776.

On November 13, 2010, the Board decided to recommend to the shareholders to pay in cash dividends to holders of common registered shares based on operating results for the nine months ended September 30, 2010 in the amount of 394.00 rubles (the equivalent to US$12.8 as of November 13, 2010) per common share (for a total of RUR20,204.7 million (the equivalent to US$656,589 as of November 13, 2010) for all common registered shares in the aggregate) within 60 days from the date this decision is approved; and (ii) to pay in cash dividends to holders of preferred registered shares of type "A" based on operating results for the nine months ended September 30, 2010 in the amount of 0.075 kopeck (the equivalent to US$0.002 as of November 13, 2010) per preferred share within 60 days from the date of the adoption of this decision. In accordance with Russian tax legislation, VimpelCom is required to withhold a tax of 5% on dividend payments.

On November 22 and on November 30, 2010, VimpelCom fully repaid before maturity the outstanding balance, including the accrued interest, under the Amended and restated Agreement, dated February 24, 2004 and November 3, 2005, between OJSC VimpelCom as Borrower; and Svenska Handelsbanken AB (publ) as Lender in amount of US$69,700 and US$99,750, respectively.

On November 23, 2010, VimpelCom' subsidiary URS and VimpelCom' repated party Kyivstar entered into a financial support agreement pursuant to which Kyivstar made a one-year, interest-free loan to URS in the amount of UAH4,000 million (equivalent to approximately US$500,000 as of November 23, 2010).

Roaming litigations in Kazakhstan

On October 25, 2010, the Kazakhstan Antimonopoly Agency (the **"Agency"**) completed the Concerted Actions Investigation and reclassified alleged concerted actions of KaR-Tel and other Russian and Kazakhstan GSM-operators into establishing of monopolisticly high tariffs. On November 3, 2010, the Agency initiated an administrative procedure and issued a new protocol on administrative offence, according to which the Agency has found KaR-Tel and the other two Kazakhstan GSM-operators liable for abuse of their dominant position on the market by way of establishing monopolistically high roaming tariffs (**"the New Protocol"**). Under Kazakhstan laws, the Agency should lodge the New Protocol into administrative court, and the court is to review the matter and to decide on the merits and on applicable fines. While the Company does not agree with the New Protocol and intends to challenge it, the ultimate resolution of this matter could result in a loss of KZT 9.9 billion (equivalent to US$67,087 as of November 3, 2010) in excess of the amount accrued.

As to the litigation related to the Protocol alleging as illegal KaR-Tel's acts on establishing of the Threshold Amounts, on October 19, 2010 the Interregional Economic Court of Astana has ruled in favor of KaR-Tel and recognized as illegal, null and void all acts of the Agency and its territorial branch, which have served as procedural basis for the Protocol. The decision has not come into force and is appealable by the Agency within 15 days after receipt thereof by the Agency. On November 15, 2010 KaR-Tel has received copy of the Agency's appeal on the decision.

On November 23, 2010 KaR-Tel LLP filed a claim with Astana Interregional Economic Court against the Agency requesting the Court to recognize illegal and to annul acts of the Agency preceding the New Protocol.

KaR-Tel litigation

On October 25, 2010, the 4th Administrative Court of Istanbul reviewed KaR-Tel's petition to annul the Payment Order and has ruled in favor of KaR-Tel. The Court has recognized the Order to Pay as illegal and annulled it. The court decision is appealable by the Fund.

Sky Mobile

On October 20, 2010, the Company exercised the first call option to acquire 50.1% of the issued share capital of Menacrest (Note 3). The remaining 49.9% of Menacrest is owned by Crowell. On the same date the pledge over 100% of Menacrest shares was released by the Company and Management Agreement terminated.

The purchase price for the acquisition is US$150,300, which has been set off against part of the debt of Crowell to the Company under the Crowell Loan Agreement.

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Ernst & Young LLC
Sadovnicheskaya Nab., 77, bld. 1
Moscow, 115035, Russia
Tel: +7 (495) 705 9700
+7 (495) 755 9700
Fax: +7 (495) 755 9701
www.ey.com/russia

ООО «Эрнст энд Янг»
Россия, 115035, Москва
Садовническая наб., 77, стр. 1
Тел: +7 (495) 705 9700
+7 (495) 755 9700
Факс: +7 (495) 755 9701
ОКПО: 59002827

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Open Joint Stock Company "Vimpel-Communications"

We have audited the accompanying consolidated balance sheets of Open Joint Stock Company "Vimpel-Communications" (**"VimpelCom"**) as of December 31, 2009 and 2008, and the related consolidated statements of income, shareholders' equity and comprehensive income and cash flows for each of the three years in the period ended December 31, 2009. These consolidated financial statements are the responsibility of VimpelCom's management. Our responsibility is to express an opinion on these consolidated 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of VimpelCom at December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with US generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, effective January 1, 2009 VimpelCom adopted the Financial Accounting Standards Board's Statement No. 160, Noncontrolling Interest in Consolidated Financial Statements (primarily codified in ASC 810-10, Consolidation-Overall) relating to the presentation and accounting for noncontrolling interest. As discussed in Note 2 to the consolidated financial statements, effective January 1, 2007, VimpelCom also adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109, Accounting for Income Taxes (primarily codified in ASC 740-10, Income taxes – Overall).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), VimpelCom's internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 18, 2010, expressed an unqualified opinion thereon.

Ernst & Young LLC

Moscow, Russia
March 18, 2010, except for notes 22 and 25, as to which the date is January 21, 2011

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

CONSOLIDATED BALANCE SHEETS

	Note	December 31, 2009	December 31, 2008
		(In thousands of US dollars, except share amounts)	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	5	$ 1,446,949	$ 914,683
Trade accounts receivable, net of allowance for doubtful accounts		392,365	475,667
Inventory	13	61,919	142,649
Deferred income taxes	18	91,493	82,788
Input value added tax		96,994	182,045
Due from related parties	20	249,631	168,196
Other current assets	14	627,257	440,479
TOTAL CURRENT ASSETS		2,966,608	2,406,507
Property and equipment, net	8	5,561,569	6,425,873
Telecommunications licenses, net	9	542,597	764,783
Goodwill	10	3,284,293	3,476,942
Other intangible assets, net	9	700,365	882,830
Software, net	11	448,255	549,166
Investments in associates	12	436,767	493,550
Other assets	14	792,087	725,502
TOTAL ASSETS		$14,732,541	$15,725,153

	Note	December 31, 2009	December 31, 2008
		(In thousands of US dollars, except share amounts)	
Liabilities, redeemable noncontrolling interest and equity			
CURRENT LIABILITIES:			
Accounts payable		$ 545,690	$ 896,112
Due to employees		113,368	105,795
Due to related parties	20	9,211	7,492
Accrued liabilities	14	315,666	288,755
Taxes payable		212,767	152,189
Customer advances, net of VAT		376,121	425,181
Customer deposits		28,386	29,557
Short-term debt	15	1,813,141	1,909,221
TOTAL CURRENT LIABILITIES		3,414,350	3,814,302
Deferred income taxes	18	596,472	644,475
Long-term debt	15	5,539,906	6,533,705
Other non-current liabilities	14	164,636	122,825
Commitments, contingencies and uncertainties	23	–	–
TOTAL LIABILITIES		9,715,364	11,115,307
Redeemable noncontrolling interest		508,668	469,604
EQUITY:	16		
Convertible voting preferred stock (.005 rubles nominal value per share), 10,000,000 shares authorized; 6,426,600 shares issued and outstanding		–	–
Common stock (.005 rubles nominal value per share), 90,000,000 shares authorized; 51,281,022 shares issued (December 31, 2008: 51,281,022); 50,714,579 shares outstanding (December 31, 2008: 50,617,408)		92	92
Additional paid-in capital		1,143,657	1,165,188
Retained earnings		4,074,492	3,271,878
Accumulated other comprehensive (loss)		(488,277)	(90,021)
Treasury stock, at cost, 566,443 shares of common stock (December 31, 2008: 663,614)		(223,421)	(239,649)
TOTAL VIMPELCOM SHAREHOLDERS' EQUITY		4,506,543	4,107,488
Noncontrolling interest		1,966	32,754
TOTAL EQUITY		4,508,509	4,140,242
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY		$14,732,541	$15,725,153

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

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

CONSOLIDATED STATEMENTS OF INCOME

	Note	Years ended December 31, 2009	2008	2007
		(In thousands of US dollars, except share (ADS) amounts)		
Operating revenues:				
Service revenues		$ 8,580,815	$ 9,999,850	$7,161,833
Sales of equipment and accessories		109,959	107,946	6,519
Other revenues		19,788	17,190	6,528
Total operating revenues		**8,710,562**	**10,124,986**	**7,174,880**
Revenue based tax		(7,660)	(8,054)	(3,782)
Net operating revenues		**8,702,902**	**10,116,932**	**7,171,098**
Operating expenses:				
Service costs		1,878,443	2,262,570	1,309,287
Cost of equipment and accessories		110,677	101,282	5,827
Selling, general and administrative expenses		2,389,998	2,838,508	2,206,322
Depreciation		1,393,431	1,520,184	1,171,834
Amortization		300,736	360,980	218,719
Impairment loss	10	–	442,747	–
Provision for doubtful accounts	19	51,262	54,711	52,919
Total operating expenses		**6,124,547**	**7,580,982**	**4,964,908**
Operating income		**2,578,355**	**2,535,950**	**2,206,190**
Other income and expenses:				
Interest income		51,714	71,618	33,021
Net foreign exchange (loss)/gain		(411,300)	(1,142,276)	72,955
Interest expense		(598,531)	(495,634)	(194,839)
Equity in net (loss)/gain of associates	12	(35,763)	(61,020)	(211)
Other (expenses)/income, net		(32,114)	(17,404)	3,240
Total other income and expenses		**(1,025,994)**	**(1,644,716)**	**(85,834)**
Income before income taxes		**1,552,361**	**891,234**	**2,120,356**
Income tax expense	18	435,030	303,934	593,928
Net income		**1,117,331**	**587,300**	**1,526,428**
Net (loss)/income attributable to the noncontrolling interest		(4,499)	62,966	63,722
Net income attributable to VimpelCom		**$ 1,121,830**	**$ 524,334**	**$1,462,706**

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

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME
Years ended December 31, 2009, 2008 and 2007

	Common Stock Amount	Additional Paid-In Capital	Retained earnings	Accumulated Other Comprehensive income (loss)	Treasury stock	Total equity attributable to VimpelCom	Noncontrolling interest	Total equity	Redeemable noncontrolling interest	Net income
				(In thousands of US dollars, except shares)						
Balances at December 31, 2006	$92	$1,382,522	$2,195,713	$ 423,088	$ (58,505)	**$3,942,910**	$ 257,859	**$4,200,769**	**$ –**	**$ –**
Sale of treasury stock – 100,113 shares	–	30,881	–	–	8,906	**39,787**	–	**39,787**	**–**	**–**
Purchase of treasury stock – 200,000 shares *(Note 16)*	–	–	–	–	(81,069)	**(81,069)**	–	**(81,069)**	**–**	**–**
Dividends declared	–	–	(326,595)	–	–	**(326,595)**	–	**(326,595)**	**–**	**–**
Adoption of FIN 48 (*Note 18*)	–	–	(4,108)	–	–	**(4,108)**	(4,092)	**(8,200)**	**–**	**–**
Acquisition of noncontrolling interests	–	–	–	–	–	**–**	(41,465)	**(41,465)**	**–**	**–**
Comprehensive income:										
Foreign currency translation adjustment	–	–	–	378,155	–	**378,155**	12,386	**390,541**	**–**	**–**
Net income	–	–	1,462,706	–	–	**1,462,706**	63,722	**1,526,428**	**–**	**1,526,428**
Total accumulated comprehensive income	–	–	1,462,706	378,155	–	**1,840,861**	76,108	**1,916,969**	**–**	**–**
Balances at December 31, 2007	92	1,413,403	3,327,716	801,243	(130,668)	**5,411,786**	288,410	**5,700,196**	**–**	**–**
Sale of treasury stock – 40,568 shares	–	19,993	–	–	5,495	**25,488**	–	**25,488**	**–**	**–**
Purchase of treasury stock – 200,000 shares *(Note 16)*	–	–	–	–	(114,476)	**(114,476)**	–	**(114,476)**	**–**	**–**
Adoption of equity method of stock option plan accounting	–	12,030	–	–	–	**12,030**	–	**12,030**	**–**	**–**
Dividends declared	–	–	(580,172)	–	–	**(580,172)**	–	**(580,172)**	**–**	**–**
Acquisition of noncontrolling interests						**–**	(106,722)	**(106,722)**	**–**	**–**
Initial measurement and recognition of redeemable noncontrolling interest (*Note 17*)	–	(278,825)	–		–	**(278,825)**	(154,257)	**(433,082)**	**433,082**	**–**
Accretion to redeemable noncontrolling interest	–	(1,413)	–	–	–	**(1,413)**	–	**(1,413)**	**1,413**	**–**
Comprehensive income:										
Foreign currency translation adjustment	–	–	–	(891,263)	–	**(891,263)**	(22,534)	**(913,797)**	**–**	**–**
Net income	–	–	524,334	–	–	**524,334**	27,857	**552,191**	**35,109**	**587,300**
Total accumulated comprehensive income (loss)	–	–	524,334	(891,263)	–	**(366,929)**	5,323	**(361,606)**	**–**	**–**

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME—(Continued)

	Common Stock Amount	Additional Paid-in Capital	Retained earnings	Accumulated Other Comprehensive income (loss)	Treasury stock	Total equity attributable to VimpelCom	Noncontrolling interest	Total equity	Redeemable noncontrolling interest	Net income
				(In thousands of US dollars, except shares)						
Balances at December 31, 2008	92	1,165,188	3,271,878	(90,020)	(239,649)	**4,107,489**	32,754	**4,140,243**	**469,604**	–
Exercise of stock options	–	2,974	–	–	16,228	**19,202**	–	**19,202**	**–**	**–**
Stock based compensation accrual	–	1,766	–	–	–	**1,766**	–	**1,766**	**–**	**–**
Dividends declared	–	–	(319,216)	–	–	**(319,216)**	–	**(319,216)**	**–**	**–**
Dividends to noncontrolling interest	–	–	–	–	–	**–**	(977)	**(977)**	**(13,000)**	**–**
Acquisition of noncontrolling interests	–	3,598	–	(9,922)	–	**(6,324)**	(13,671)	**(19,995)**	**–**	**–**
Accretion to redeemable noncontrolling interest (*Note 17*)	–	(29,869)	–	–	–	**(29,869)**	–	**(29,869)**	**29,869**	**–**
Comprehensive income:										
Foreign currency translation adjustment	–	–	–	(388,335)	–	**(388,335)**	10,554	**(377,781)**	**–**	**–**
Net income	–	–	1,121,830	–	–	**1,121,830**	(26,694)	**1,095,136**	**22,195**	**1,117,331**
Total accumulated comprehensive income (loss)	–	–	1,121,830	(388,335)	–	**733,495**	(16,140)	**717,355**	**–**	**–**
Balances at December 31, 2009	**$92**	**$1,143,657**	**$4,074,492**	**$(488,277)**	**$(223,421)**	**$4,506,543**	**$ 1,966**	**$4,508,509**	**$508,668**	**$ –**

The accompanying notes are an integral part of these consolidated financial statements

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,		
	2009	2008	2007
	(In thousands of US dollars)		
OPERATING ACTIVITIES			
Net income	$ 1,117,331	$ 587,300	$ 1,526,428
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,393,431	1,520,184	1,171,834
Amortization	300,736	360,980	218,719
Impairment loss	–	442,747	–
Loss from associates	35,763	61,020	211
Provision for deferred taxes	(19,541)	(92,654)	32,858
Loss (gain) on foreign currency translation	411,300	1,142,276	(72,955)
Provision for doubtful accounts	51,262	54,711	52,919
Stock-based compensation expense/(gain)	2,323	(121,890)	171,242
Loss from early debt redemption	19,063	–	–
Other adjustments	(380)	(5,078)	–
Changes in operating assets and liabilities:			
Trade accounts receivable	(57,452)	(240,629)	(333)
Inventory	64,927	(90,221)	(3,021)
Input value added tax	78,972	(103,941)	45,383
Other current assets	135,212	(415,735)	(351)
Accounts payable	(69,290)	281,725	(157,901)
Customer advances and deposits	(23,010)	75,098	85,135
Taxes payable and accrued liabilities	72,122	(34,035)	(32,478)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,512,769	3,421,858	3,037,690
INVESTING ACTIVITIES			
Purchases of property and equipment	(691,445)	(2,002,452)	(1,238,305)
Purchases of intangible assets	(15,685)	(75,012)	(73,814)
Purchases of software	(184,481)	(313,652)	(293,956)
Acquisition of subsidiaries, net of cash acquired	–	(4,134,609)	(301,355)
Investments in associates	(12,500)	(491,265)	–
Exercise of escrow cash deposit	–	200,170	(200,170)
Loan granted	–	(350,000)	–
Investments in deposits	(488,580)	43,179	(42,356)
Purchases of other assets, net	(40,799)	(53,575)	(84,596)
NET CASH USED IN INVESTING ACTIVITIES	(1,433,490)	(7,177,216)	(2,234,552)
FINANCING ACTIVITIES			
Proceeds from bank and other loans	1,270,248	6,209,392	666,348
Proceeds from sale of treasury stock	–	25,488	39,787
Repayments of bank and other loans	(2,432,862)	(721,222)	(365,657)
Payments of fees in respect of debt issues	(53,071)	(68,159)	(14,380)
Repayments of equipment financing obligations	–	–	(106,888)
Net proceeds from employee stock options	18,142	–	–
Purchase of noncontrolling interest in consolidated subsidiaries	(18,198)	(992,825)	–
Payment of dividends	(315,644)	(587,302)	(331,885)
Payment of dividends to noncontrolling interest	(13,977)	–	–
Purchase of treasury stock	–	(114,476)	(81,069)
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	(1,545,362)	3,750,896	(193,744)
Effect of exchange rate changes on cash and cash equivalents	(1,651)	(84,566)	49,823
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	532,266	(89,028)	659,217
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	914,683	1,003,711	344,494
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,446,949	$ 914,683	$ 1,003,711

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)

	Years ended December 31,		
	2007	**2006**	**2005**
	(In thousands of US dollars)		
SUPPLEMENTAL CASH FLOW INFORMATION			
CASH PAID DURING THE PERIOD:			
Income tax	$428,761	$ 647,597	$ 601,939
Interest	571,964	406,020	201,259
NON-CASH ACTIVITIES:			
Equipment acquired under financing agreements	–	2,726	48,514
Accounts payable for property, equipment and other long-lived assets	210,159	448,218	417,478
Non – cash discounts from suppliers of equipment	239	2,464	(5,441)
Issue of promissory notes	–	81,660	–
ACQUISITIONS:			
Fair value of assets acquired	–	2,645,655	84,125
Fair value of noncontrolling interest acquired	–	206,129	41,636
Difference between the amount paid and the fair value of net assets acquired	–	3,517,062	182,034
Consideration for the acquisition of subsidiaries	–	(5,348,180)	(291,928)
FAIR VALUE OF LIABILITIES ASSUMED	$ –	$ 1,020,666	$ 15,867

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

1. Description of Business

Open Joint Stock Company "Vimpel-Communications" was registered in the Russian Federation on September 15, 1992 as a closed joint stock company, re-registered as an open joint stock company on July 28, 1993 and began full-scale commercial operations in June 1994. On November 20, 1996, Open Joint Stock Company "Vimpel-Communications" completed an initial public offering of its common stock on the New York Stock Exchange (**"NYSE"**) through the issuance of American Depositary Shares (**"ADS"**). Each ADS currently represents one-twentieth of one share of VimpelCom's common stock (*Note 16*).

In these notes, **"VimpelCom"** or the **"Company"** refers to Open Joint Stock Company "Vimpel-Communications" and its consolidated subsidiaries.

VimpelCom earns revenues by providing voice, data and other telecommunication services through a range of wireless, fixed and broadband internet services, as well as selling equipment and accessories. The Company operates telecommunications services in Russia, Kazakhstan, Ukraine, Armenia, Tajikistan, Uzbekistan, Georgia and Cambodia primarily under the "Beeline" brand name. VimpelCom also has investments in an entity in Vietnam that launched its operations on July 20, 2009.

On October 5, 2009, VimpelCom's two major shareholders, Altimo and Telenor, signed a series of agreements pursuant to which they agreed to combine their holdings in VimpelCom and Closed Joint Stock Company "Kyivstar G.S.M." (**"Kyivstar"**) under a new company, VimpelCom Ltd., to be listed on the New York Stock Exchange, subject to successful completion of exchange offers for VimpelCom's shares and ADSs. On February 9, 2010, VimpelCom Ltd. commenced an exchange offer to acquire all of VimpelCom's outstanding common and preferred shares from holders resident in the United States, and all outstanding ADSs from any holder, wherever located, in exchange for VimpelCom Ltd. depositary receipts (**"DRs"**), pursuant to the Registration Statement on Form F-4 and related preliminary prospectus dated February 8, 2010 filed with the U.S. Securities and Exchange Commission (the **"SEC"**). VimpelCom Ltd. also commenced a parallel exchange offer on February 9, 2010, to all holders of the Borrower's common and preferred shares, wherever located, pursuant to a separate Russian offer document. VimpelCom Ltd. also offered a nominal cash consideration alternative under the exchange offers, as required by Russian law. The completion of the exchange offers is subject to the satisfaction or waiver of certain conditions. On February 9, 2010, VimpelCom announced that the Company's Board of Directors (the **"Board"**) had unanimously recommended that the Company's shareholders and ADS holders exchange their Company shares and ADSs for VimpelCom Ltd. DRs in the exchange offers (and not for the nominal cash consideration alternative). In connection with the Board' recommendation, on February 9, 2010, the Company filed with the SEC a solicitation/recommendation statement on Schedule 14D-9, which contained more information on the background of the exchange offer and the Board' reasons for its recommendation.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

Effective since September 15, 2009, the Financial Accounting Standards Board (**"FASB"**) Accounting Standards Codification (**"ASC"**) became the only source of authoritative US generally accepted accounting principles (**"US GAAP"**) recognized by FASB. ASC supersedes all then-existing non-SEC accounting and reporting standards. The adoption of ASC resulted in modifications of accounting and reporting references with codification in ASC.

VimpelCom maintains its records and prepares its financial statements in accordance with Russian accounting and tax legislation and US GAAP. VimpelCom's foreign subsidiaries maintain their accounting records in accordance with local accounting and tax legislation and US GAAP. The accompanying consolidated financial statements differ from the financial statements issued by the individual companies for statutory purposes. The principal differences relate to: (1) revenue recognition; (2) recognition of interest expense and other operating expenses;

(3) valuation and depreciation of property and equipment; (4) foreign currency translation; (5) deferred income taxes; (6) capitalization and amortization of telephone line capacity; (7) valuation allowances for unrecoverable assets; (8) business combinations, (9) consolidation and accounting for subsidiaries, and (10) stock based compensation.

The accompanying financial statements have been presented in US dollars. Amounts are presented in thousands, except for share and per share (ADS) amounts or unless otherwise indicated.

Principles of Consolidation

The consolidated financial statements have been prepared in accordance with US GAAP and include VimpelCom and all companies in which VimpelCom directly or indirectly exercises control, which generally means that VimpelCom owns more than 50% of the voting rights in the company. Consolidation is also required when the Company is subject to a majority of the risk of loss or is entitled to receive a majority of the residual returns or both from a variable interest entity's activities.

All intercompany accounts and transactions within the Company have been eliminated from the consolidated financial statements.

The noncontrolling interest is reported in the Consolidated Balance Sheets as a separate component of equity and represents the aggregate ownership interests in the subsidiaries that are held by owners other than the Company.

Investments in Associates

Investments in associated companies in which the Company exercises significant influence over the operations and financial policies, but does not control, are reported according to the equity method of accounting. Generally, the Company owns between 20 and 50 percent of such investments.

Business Combinations

VimpelCom accounts for its business acquisitions under the purchase method of accounting. The total cost of an acquisition is allocated to the underlying assets, including intangible assets, and liabilities assumed based on their respective estimated fair values. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, license and other asset lives and market multiples, among other items. The results of operations of acquired companies are included in the Consolidated Financial Statements from the date of acquisition.

Foreign Currency Translation

The reporting currency of VimpelCom is the US dollar. Therefore, the accompanying financial statements were translated into the reporting currency in accordance with ASC 830, Foreign Currency Matters, (SFAS No. 52) using the current rate method. Domestic and certain foreign subsidiaries of VimpelCom have their local currencies as their functional currency, and use the current rate method for translating their financial statements to US dollars.

The current rate method assumes that assets and liabilities measured in the functional currency are translated into US dollars at exchange rates prevailing on the balance sheet date; whereas revenues, expenses, gains and losses are translated into US dollars at historical exchange rates prevailing on the transaction dates. VimpelCom translates income statement amounts using the average exchange rates for the period. Translation adjustments resulting from the process of translating financial statements into US dollars are reported in accumulated other comprehensive income, a separate component of shareholders' equity.

Within the countries that VimpelCom operates, official exchange rates are determined daily by the respective countries' central bank. Market rates may differ from the official rates but the differences are, generally, within narrow parameters monitored by the respective countries' central bank.

Local currencies of certain of VimpelCom's foreign subsidiaries are not fully convertible currencies outside the territories of countries of their operations. The translation of ruble-, tenge-, hryvnia-, somoni-, sum-, dram- and lari-denominated assets and liabilities into US dollars for the purposes of these financial statements does not indicate that VimpelCom could realize or settle the reported values of these assets and liabilities in US dollars. Likewise, it does not indicate that VimpelCom could return or distribute the reported US dollar value of capital to its shareholders.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates. Accounting policies such as valuation of stock based compensation, business combinations, assessing tangible and intangible asset impairments, and revenue recognition include estimates and assumptions that may have a material impact on the financial statements.

Cash and Cash Equivalents

VimpelCom considers all highly liquid investments with an original maturity of 90 days or less at the time of purchase to be cash equivalents. Cash equivalents are carried at cost which approximates fair value. Escrow cash was primarily related to cash held in escrow at a financial institution for the collateralization of certain payment obligations that the Company has agreed to assume in the future.

Trade Accounts Receivable and Doubtful Accounts

Accounts receivable are shown at their net realizable value which approximates their fair value. VimpelCom reviews the valuation of accounts receivable on a monthly basis. The allowance for doubtful accounts is estimated based on historical data and other relevant factors, such as a change in tariff plans from pre-paid to post-paid.

Inventory

Inventory consists of telephone handsets and accessories for sale, SIM and scratch cards, equipment for sale and others, and is stated at the lower of cost or market. Cost is computed using either the average cost method or a specific identification method.

Input Value Added Tax

Value Added Tax (**"VAT"**) related to revenues is payable to the tax authorities on an accrual basis based upon invoices issued to customers or cash received. VAT incurred on purchases may be offset, subject to certain restrictions, against VAT related to revenues, or can be reclaimed in cash from the tax authorities under certain circumstances. VAT related to purchase transactions, which will be offset against VAT related to revenues within the following year, is recognized on the balance sheets on a gross basis. As of December 31, 2009, the VAT rate in Russia, Tajikistan and Georgia was 18%, in Kazakhstan it was 12%, and in Ukraine, Uzbekistan, and Armenia it was 20%.

Short Term Investments

Short-term investments represent investments in time deposits, which have original maturities in excess of three months but less than twelve months. These investments are accounted for at cost.

Property and Equipment

Property and equipment is stated at historical cost. The Company depreciates property and equipment assets using the straight-line method, depreciation expense is recognized ratably over the estimated useful life of the asset.

The following categories with the associated useful lives are used:

Mobile telecommunications equipment	7 - 9 years
Fixed line telecommunication equipment	3 - 12 years
Fiber-optic equipment	9 - 10 years
Buildings and constructions	20 years
Electronic exchange devices	7 years
Office and measuring equipment, vehicles and furniture	5 - 10 years

Equipment acquired under capital leases is depreciated using the straight-line method over its estimated useful life or the lease term, whichever is shorter. Depreciation of these assets recorded under capital leases is included in "depreciation" in the statement of income. Capitalized leasehold improvement expenses for base station positions is depreciated using the straight-line method over the estimated useful life of seven years or the lease term, whichever is shorter.

Repair and maintenance costs are expensed as incurred. Interest costs are capitalized with respect to qualifying construction projects, the capitalization period begins when "qualifying expenditures" are made, development activities are underway and interest cost is being incurred.

Telecommunication Licenses, Goodwill and Other Intangible Assets

Intangible assets consist primarily of telecommunication licenses, customer relationships, telephone line capacity, goodwill and other intangible assets. VimpelCom capitalizes payments made to third party suppliers to acquire access to and for use of telephone lines (telephone line capacity). These payments are accounted for as intangible assets and are amortized on a straight-line basis over ten years. Telecommunication licenses are amortized on a straight-line basis within the estimated useful lives determined based on the management estimation of future economic benefits from these licenses. Customer relationships are amortized using pattern of consumption of economic benefit associated with them. Other intangible assets are amortized on a straight-line basis over their estimated useful lives, generally from four to ten years.

Goodwill represents the excess of consideration paid over the fair value of net assets acquired in purchase business combinations and is not amortized. VimpelCom has acquired identifiable intangible assets through its acquisition of interests in various enterprises. The cost of acquired entities at the date of acquisition is allocated to identifiable assets and the excess of the total purchase price over the amount assigned to identifiable assets is recorded as goodwill.

In accordance with ASC 350-10, Intangibles – Goodwill and Other – Overall (SFAS No. 142, *Goodwill and Other Intangible Assets)*, VimpelCom continues to evaluate the amortization period for intangible assets with finite lives to determine whether events or circumstances warrant revised amortization periods. In accordance with ASC 350-10 (SFAS No. 142), VimpelCom tests goodwill for impairment on an annual basis. Additionally, goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of an entity below its carrying value. These events or circumstances would include, but are not limited to, a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors.

Goodwill impairment is evaluated using a two-step process. The first step involves a comparison of the estimated fair value of each of the Company's eight geographic reporting units to its carrying amount, including goodwill. In performing the first step, the Company determines the fair value of a reporting unit in accordance with ASC 820, *Fair Value Measurements and Disclosures*, (SFAS 157 *Fair Value Measurement)* using an income approach. When available and as appropriate, the Company uses comparative market multiples to corroborate discounted cash flows results.

Determining fair value based on the income approach is based on the present value of estimated future cash flows from a market participant perspective, discounted at an appropriate risk-adjusted rate. The cash flows employed in the DCF analyses are based on the most recent views of the medium and long-term outlook for each reporting unit considering market development, penetration and competitive environment in each geographic location and sub

sector (fixed line, internet and mobile segments). The discount rates used in the DCF analyses are intended to commensurate with the risks and uncertainty inherent in the respective businesses forecasts. The Company derives its discount rates by applying the capital asset pricing model (i.e., to estimate the cost of equity financing) and analyzing published rates for industries relevant to our reporting units (including public information about risks premiums, cost of debt as well as debt-to-equity structure).

If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with its goodwill carrying amount to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment is recognized in an amount equal to that excess.

Software

Under the provision of ASC 350-40, Intangibles – Goodwill and Other – Internal-use Software, (Statement of Position No. 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use)*, VimpelCom capitalizes costs associated with software developed or obtained for internal use when both the preliminary project stage is completed and VimpelCom management has authorized further funding of the project which it deems probable will be completed and used to perform the function intended. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose.

Research and development costs and other computer software maintenance costs related to software development are expensed as incurred. Capitalized software development costs are depreciated using the straight-line method over the expected life of the asset. Research and development costs in 2009, 2008 and 2007 were US$610, US$857, and US$382, respectively.

Long-Lived Assets

VimpelCom accounts for impairment of long-lived assets, except for goodwill, in accordance with the provisions of ASC 360-10, Property, Plant and Equipment – Overall (SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets)*. ASC 360-10 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Impairment indicators that do not result in the actual impairment of the asset may, however, result in modification of the useful economic life to a shorter period.

Accounting for Assets Retirement Obligations

VimpelCom has certain legal obligations related to rented sites for base stations, which fall within the scope of ASC 410-20, Asset Retirement and Environmental Obligations – Asset Retirement Obligations (SFAS 143 *Accounting for Asset Retirement Obligations)*. These legal obligations include obligations to remediate leased land and other locations on which base stations are located (*Note 14*).

Derivative Instruments and Hedging Activities

ASC 815-10, Derivatives and Hedging (SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities)*, requires companies to recognize all of their derivative instruments as either assets or liabilities in the

consolidated balance sheet at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. The Company has not designated any of its derivative contracts as hedges, therefore all hedging instruments have been recorded at fair value and changes in these fair values reflected in the accompanying statements of income as other income/(expense) and net foreign exchange (loss)/gain items (*Note 7*).

Revenue Recognition

VimpelCom generates revenues from providing voice, data and other telecommunication services through a range of wireless, fixed and broadband internet services, as well as selling equipment and accessories. Service revenues include revenues from airtime charges from contract and prepaid subscribers, monthly contract fees, interconnect revenue, roaming charges and charges for value added services (**"VAS"**). Interconnect revenue is generated when the Company receives traffic from mobile or fixed subscribers of other operators and that traffic terminates on VimpelCom's network. Roaming revenues include both revenues from VimpelCom customers who roam outside of home country network and revenues from other wireless carriers for roaming by their customers on VimpelCom's network. VAS includes short messages (**"SMS"**), multimedia messages (**"MMS"**), caller number identification, call waiting, data transmission, mobile Internet, downloadable content and other services. The cost of content revenue relating to VAS is presented net of related costs when the Company acts as an agent of the content providers. VimpelCom charges subscribers a fixed monthly fee for the use of the service, which is recognized as revenue in the respective month.

Service revenue is generally recognized when the services (including VAS and roaming revenue) are rendered. Prepaid cards, used as a method of cash collection, are accounted for as customer advances for future services. Prepaid cards do not have expiration dates but are subject to statutory expiration periods, and unused balances are added to service revenue when cards expire. Also, VimpelCom uses E-commerce systems, retail offices and agent locations as channels for receiving customer payments. Revenues from mobile equipment sales, such as handsets, are recognized in the period in which the equipment is sold.

Revenue from Internet services is measured primarily by monthly fees and internet-traffic volume which has been not included in monthly fees. Revenue from service contracts is accounted for when the services are provided. Payments from customers for fixed-line equipment are not recognized as revenue until installation and testing of such equipment are completed and accepted by the customer. Domestic Long Distance/International Long Distance (**"DLD/ILD"**) and zonal revenues are recorded gross or net depending on the contractual arrangements with the end-users. The Company recognizes DLD/ILD and zonal revenues from local operators net of payments to these operators for interconnection and agency fees when local operators establish end-user tariffs and assume credit risk.

Revenues are stated net of value-added tax and sales tax charged to customers.

In accordance with the provisions of ASC 605-10-S25-3, Revenue Recognition-Overall-SEC Recognition-Delivery and Performance, VimpelCom defers upfront telecommunications connection fees. The deferral of revenue is recognized over the estimated average subscriber life, which is generally 32 months for mobile subscribers and from 5 to 29 years for fixed line subscribers. The Company also defers direct incremental costs related to connection fees for fixed line subscribers, in an amount not exceeding the revenue deferred.

Advertising

VimpelCom expenses the cost of advertising as incurred. Advertising expense for the years ended December 31, 2009, 2008 and 2007 was US$157,808, US$345,888 and US$276,837, respectively.

Rent

VimpelCom leases office space and the land and premises where telecommunications equipment is installed. Operating lease agreements for premises where telecommunications equipment is installed typically contain automatic year-by-year renewal provisions which stipulate renewal to the extent that neither party indicates otherwise, our experience to date indicates that renewal rates are in excess of 99%. Rental agreements do not include contingent or escalation clauses based on operations.

Rent expense under all operating leases and rental contracts in 2009, 2008 and 2007 was US$363,884, US$370,533 and US$240,968, respectively.

Government Pension Fund

VimpelCom contributes to the state pension funds in the Russian Federation, Kazakhstan, Ukraine, Tajikistan, Uzbekistan, Georgia (before January 1, 2008), and Armenia on behalf of its employees, contributions are expensed as incurred. Total contributions for the years ended December 31, 2009, 2008 and 2007 were US$44,670, US$58,010 and US$38,439, respectively.

Borrowing Costs

Borrowing costs include interest incurred on existing indebtedness and debt issuance costs. Interest costs associated with assets that require a period of time to get them ready for their intended use are capitalized and amortized over the related assets' estimated useful lives. Debt issuance costs are capitalized and amortized over the term of the respective borrowings using the effective interest method. Interest expense for the years ended December 31, 2009, 2008 and 2007, was US$598,531, US$495,634 and US$194,839, respectively. VimpelCom capitalized interest in the cost of long lived assets in the amount of US$39,952, US$43,939 and US$36,659 in 2009, 2008 and 2007, respectively.

Interest income

The Company earns interest income from deposits in banks and from granting loans. Interest income is calculated based on applied interest rate and the amount deposited as well as principal amount of loan granted.

Income Taxes

VimpelCom computes and records income tax in accordance with ASC 740, Income taxes (SFAS No. 109, *Accounting for Income Taxes*). Under the asset and liability method of, 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. A valuation allowance is recognized for deferred tax assets when it is considered more likely than not that the asset will not be recovered.

In July 2006, the FASB issued Interpretation No. 48 (**"FIN 48"**) *Accounting for Uncertainty in Income Taxes*, *an interpretation of FASB Statement No. 109, Accounting for Income Taxes* (primarily codified in ASC 740-10, Income taxes – Overall). ASC 740-10 clarifies accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740-10 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. In addition, ASC 740-10 states that income taxes should not be accounted for under the provisions of ASC 450, Contingencies (SFAS No. 5, *Accounting for Contingencies*). The Company adopted FIN 48 at the beginning of the fiscal year 2007. As a result of the adoption the Company recognized in its consolidated financial statements a cumulative-effect adjustment to increase its liability for unrecognized tax benefits, interest, and penalties by US$15,069 and reduced the January 1, 2007, balance of retained earnings by US$4,108 and subsidiary noncontrolling interest by US$4,091 and increased the balance of goodwill by US$6,870. The cumulative-effect adjustment pertains to a pre-acquisition contingency in a subsidiary that has a minority shareholder. VimpelCom's continuing practice is to recognize fines and penalties (interest) related to income tax matters in income tax expense.

Concentration of Credit Risk

Trade accounts receivable consist of amounts due from subscribers for airtime usage and amounts due from dealers and subscribers for equipment sales. In certain circumstances, VimpelCom requires deposits as collateral for airtime usage. In addition, VimpelCom has introduced a prepaid service GSM network. Equipment sales are typically paid in advance of delivery, except for equipment sold to dealers on credit terms. VimpelCom's credit risk arising from its trade accounts receivable from subscribers is mitigated due to the large number of its active

subscribers (subscribers in the registered subscriber base who were a party to a revenue generating activity in the past three months and remain in the base at the end of the reported period), of which approximately 96% subscribed to a prepaid service as of December 31, 2009 and, accordingly, do not give rise to credit risk. VimpelCom's credit risk arising from its trade accounts receivable from dealers is mitigated due to the large number of dealers. Management periodically reviews the history of payments and credit worthiness of the dealers. The Company also has receivables from other local and international operators from interconnect and roaming services provided to their customers, as well as receivables from customers using fixed-line services, such as business services, wholesale services and services to residents.

VimpelCom holds available cash in bank accounts with financial institutions in countries of its operations. To manage credit risk associated with such cash holdings, VimpelCom allocates its available cash to a variety of local banks and local affiliates of international banks within the limits set forth by its treasury policy. Management periodically reviews the credit worthiness of the banks in which it deposits cash.

VAT is recoverable from the tax authorities via offset against VAT payable to the tax authorities on VimpelCom's revenue or direct cash receipts from the tax authorities. Management periodically reviews the recoverability of the balance of input value added tax and believes it is fully recoverable.

VimpelCom issues advances to a variety of vendors of property and equipment for its network development. The contractual arrangements with the most significant vendors provide for equipment financing in respect of certain deliveries of equipment (*Note 15*). VimpelCom periodically reviews the financial position of vendors and their compliance with the contract terms.

Accumulated Other Comprehensive Income

ASC 220, Comprehensive income (SFAS No. 130, *Reporting Comprehensive Income*), requires the reporting of comprehensive income in addition to net income. Comprehensive income is a more inclusive financial reporting methodology that includes the effects of all other non-shareholder changes in net assets.

Stock-Based Compensation

VimpelCom accounts for stock-based compensation plans in accordance with SFAS No. 123 (revised 2004) *Share Based Payment* (**"SFAS No. 123R"**) (primarily codified in ASC 718-10, Compensation – Stock Compensation – Overall), which is a revision of SFAS No. 123 and SFAS No. 95, *Statement of Cash Flows* (primary codified in ASC 230, Statement of Cash flows). Under ASC 718-10, companies must calculate and record the cost of equity instruments, such as stock options or restricted stock, awarded to employees for services received in the income statement. The cost of the equity instruments is to be measured based on the fair value of the instruments on the date they are granted (with certain exceptions) and is required to be recognized over the period during which the employees are required to provide services in exchange for the equity instruments.

The Company also has stock-based compensation in a form of cash settled stock appreciation rights (**"SARs"**). The cost of these instruments which are recorded as liabilities is remeasured based on fair value of the instruments on each reporting date and is required to be recognized over the period during which the employees are required to provide services in exchange for the equity-based compensation.

On December 24, 2008, VimpelCom modified its stock-based compensation programs (except for "phantom" plans and SARs) to require equity classification. The modification was applied to all the options outstanding as of modification date. In determination of fair value VimpelCom considered historical data on estimated life of the options, forfeiture rates and volatility since from employee's standpoint no changes to the amount of award were proposed. The historical based stock compensation provision accrued at the modification date in the amount of US$12,030 was reclassified from liability to equity and no gain or loss was recognized as of the modification date.

Government Regulations

The Company is subject to governmental regulation of tariffs in its Armenian fixed line business of its direct wholly owned subsidiary CJSC "ArmenTel". The Company has the right to seek tariff adjustments at the retail and

wholesale level based on costs incurred. Governmental authorization of tariff adjustments is only necessary for those services that are under Governmental control.

The Company is subject to governmental control over tariffs in its Kazakhstan mobile telecom business of its consolidated subsidiary KaR-Tel Limited Liability Partnership (**"KaR-Tel"**), which is recognized as an entity having dominant position on the Kazakhstan market of mobile telecom. The Company has the right to make tariff adjustments, but is required by law to notify the antimonopoly state body of any increase of its tariffs and to justify the adjustments. The antimonopoly body is required to carry out an examination of tariff adjustments, on which it has been notified, and subject to results of such examination is empowered to prohibit increase of the tariffs.

No assets or liabilities have been recorded in the accompanying financial statements to recognize the effects of possible regulatory assets or liabilities, as allowed under ASC 980, Regulated Operations (SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*).

Litigation Accrual

VimpelCom is party to various legal and regulatory proceedings in the normal course of business with respect to certain matters. Except as described in *Note 23* VimpelCom does not believe that any legal or regulatory proceedings to which it is a party could have a material adverse impact on its business or prospects. VimpelCom evaluates the likelihood of an unfavorable outcome of the legal or regulatory proceedings to which it is a party in accordance with ASC 450, Contingencies and ASC 855-10-S99-2, Subsequent events – Overall – SEC Materials – Issuance of Financial Statements (SFAS No. 5, *Accounting for Contingencies* and EITF Topic D-86*, Issuance of Financial Statements, respectively*). These judgments are subjective based on the status of the legal or regulatory proceedings, the merits of its defenses and consultation with in-house and external legal counsel. The actual outcomes of these proceedings may differ from the Company's judgments.

Recent Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards (**"SFAS"**) No. 157, *Fair Value Measurements*, primarily codified in ASC 820, Fair Value Measurements and Disclosures. The standard provides guidance for using fair value to measure assets and liabilities. The standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances. VimpelCom measures financial assets and financial liabilities at fair value on a recurring basis where it is required by other GAAP. ASC 820, Fair Value Measurements and Disclosures, is effective for nonfinancial assets and liabilities for fiscal years beginning after November 15, 2008. VimpelCom adopted ASC 820, Fair Value Measurements and Disclosures, for nonfinancial assets and liabilities on January 1, 2009, which did not have a material impact on VimpelCom's results of operations or financial position.

On December 4, 2007, the FASB issued SFAS No. 141(R), *Business Combinations*, and SFAS No. 160, *Noncontrolling Interest in Consolidated Financial Statements*, an amendment of ARB No. 51, primarily codified in ASC 805, Business Combinations and ASC 810-10, Consolidation-Overall, respectively. These new standards significantly change the financial accounting and reporting of business combination transactions and noncontrolling (or minority) interests in consolidated financial statements. Under ASC 805, Business Combinations, acquisition related costs should not be capitalized any longer but expensed as incurred. With few exceptions assets acquired and liabilities assumed should be measured at fair value using market participant assumptions in accordance with ASC 820, Fair value measurements and Disclosures. Noncontrolling interest should be measured at fair value as of the acquisition date that results in the recognition of the goodwill attributable to the noncontrolling interest in addition to that attributable to the Company. Under ASC 810-10, Consolidation-Overall, noncontrolling interest in a consolidated subsidiary should be displayed in the consolidated statement of financial position as a separate component of equity. Losses attributable to the parent and the noncontrolling interest in a subsidiary should be attributed to that interest, even if that attribution results in a deficit noncontrolling interest balance. In a business combination achieved in stages (step acquisition) the Company should remeasure its previously held equity interest in the acquiree at acquisition-date fair value and recognize the resulting gain or loss, if any, in earnings. The Company adopted SFAS No. 141(R) (ASC 805, Business Combinations) and SFAS No. 160 (ASC 810-10, Consolidation-Overall) on January 1, 2009 prospectively except for classification of noncontrolling

interest and disclosure that shall be applied retrospectively for all periods presented. If the previous requirement in ASC 810-10-45, Consolidation-Overall-Other Presentation Matters, had been applied in the year of adoption, VimpelCom's consolidated net income attributable to VimpelCom would have been the following (pro-forma):

	Pro-forma for twelve months ended December 31, 2009
Income before income taxes	**$1,552,361**
Income tax expense	435,030
Net income	**1,117,331**
Net income attributable to the noncontrolling interest	16,141
Net income attributable to VimpelCom	**$1,101,190**

In March 2008, the FASB issued SFAS No. 161, *Disclosures About Derivative Instruments* and Hedging Activities – an amendment of FASB Statement No. 133, primarily codified in ASC 815-10, Derivatives and Hedging-Overall. SFAS No. 161 (ASC 815-10) is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS No. 161 (ASC 815-10) is effective for fiscal years beginning after November 15, 2008. The adoption of this statement resulted in the Company expanding its disclosures relative to its derivative instruments and hedging activity (Note 6).

In April 2009, the FASB issued FASB Staff Position FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments, primarily codified in 825-10-65-1, Financial Instruments-Overall-Transition and Open Effective Date Information. These staff positions requires enhanced disclosures on financial instruments, and are effective for interim and annual reporting periods ending after June 15, 2009. This increased the Company's quarterly disclosures but did not have an impact on VimpelCom financial position and results of operations (Note 7).

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*, primarily codified in ASC 855, Subsequent Events. SFAS No. 165 is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS No. 165 is effective for interim and annual financial periods ending after June 15, 2009 and is applied prospectively. In February 2010, the FASB issued ASU 2010-09, Subsequent events, an amendment of ASC 855, Subsequent events. ASU 2010-09 amends and supersedes the disclosure requirements of SFAS No. 165 and is effective immediately for all financial statements that have not yet been issued. ASU 2010-09 requires SEC registrants to evaluate subsequent events through the date that the financial statements are issued. SEC registrants are not required to disclose the date through which the management evaluates subsequent events either in originally issued financial statements or reissued financial statements. The adoption of SFAS No. 165 and ASU 2010-09 did not have an impact on disclosure of the Company relative to subsequent events (*Notes 24 and 25*).

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R), primarily codified in ASC 810-10, Consolidation-Overall. SFAS 167 amends FIN 46(R), to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This statement is effective for both interim and annual periods as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, and VimpelCom is currently evaluating its impact on the Company's financial position and results of operations.

In October 2009, FASB issued ASU 2009-13, Revenue Recognition, codified in ASC 605-25, Revenue Recognition – Multiple Element Arrangement. ASU 2009-13 eliminates the use of the residual method of allocation and requires use of the relative-selling price method. ASU 2009-13 expands the disclosures required for multiple-element revenue arrangements. ASU 2009-13 is effective for both interim and annual periods as of the beginning of reporting entity's first annual reporting period that begins after June 15, 2010 with earlier application permitted for full annual periods. VimpelCom is currently evaluating its impact on the Company's financial position and results of operations.

In January 2010, FASB issued ASU 2010-02, Accounting and Reporting for Decreases in Ownership of a Subsidiary – a Scope Clarification. This update provides amendments to ASC 810-10, Consolidation – Overall (formerly SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*) to clarify the scope of the decrease in ownership provisions of ASC 810-10 and related guidance. ASU 2010-02 also clarifies that the decrease in ownership guidance does not apply to certain transactions even if they involve businesses. ASU 2010-02 expands the disclosures required for a business combinations achieved in stages and deconsolidation activity within the scope of ASC 810-10. ASU 2010-02 is effective for both interim and annual periods ending on or after December 15, 2009. The amendments are to be applied retrospectively to the first period that an entity adopted ASU 810-10, Consolidation – Overall. The adoption of this statement did not have an impact on VimpelCom's financial position, results of operations and disclosures relative to noncontrolling interests.

In January 2010, FASB issued ASU 2010-06, Improving Disclosures about Fair Value Measurements, an amendment of ASC 820, Fair Value Measurements and Disclosures (formerly SFAS No. 157 *Fair Value Measurements*). ASU 2010-06 requires additional disclosures regarding assets and liabilities that are transferred between levels of the fair value hierarchy. ASU 2010-06 clarifies guidance pertaining to the level of disaggregation at which fair value disclosures should be made and the requirements to disclose information about the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the requirement to separately disclosure purchases, sales, issuances, and settlements in the Level 3 rollforward, which becomes effective for fiscal years (and for interim periods within those fiscal years) beginning after December 15, 2010. The adoption of this statement may expand VimpelCom's disclosures relative to fair value measurements (Note 7).

3. Business Combinations and Disposals

Severnaya Korona

On August 13, 2007, VimpelCom acquired Closed Joint Stock Company "Corporation Severnaya Korona" (**"CSK"**), which holds GSM 900/1800 and D-AMPS licenses covering the Irkutsk Region. The Company acquired 100% of the shares of CSK for approximately US$235,509, including US$1,274 of acquisition related costs.

The primary reason for the acquisition was VimpelCom's entry into the mobile telephony market in the Irkutsk region. CSK's GSM-900/1800 and D-AMPS licenses cover a territory with a population of about 2.5 million. The acquisition was recorded under the purchase method of accounting. The fair value of acquired identifiable net assets of CSK amounted to US$58,460. The excess of the acquisition cost over the fair market value of the identifiable net assets of CSK amounted to US$177,049. This amount was recorded as goodwill, was assigned to the Russian mobile reporting unit and is subject to annual impairment tests.

Golden Telecom

On December 21, 2007, subsidiaries of VimpelCom and Golden Telecom Inc. (**"Golden Telecom"**), a leading facilities-based provider of integrated telecommunications and Internet services in the Russian Federation, signed a definitive merger agreement. Pursuant to the merger agreement, Lillian Acquisition Inc. (**"Lillian"**), an indirect wholly owned subsidiary of VimpelCom, commenced a tender offer on January 18, 2008, to acquire 100% of the outstanding shares of Golden Telecom's common stock at a price of US$105.00 per share in cash. The tender offer was successfully completed on February 15, 2008, with 36,533,255 shares of Golden Telecom common stock (including shares delivered through notices of guaranteed delivery), representing approximately 90.5% of the outstanding shares of Golden Telecom's common stock tendered and not withdrawn. On February 18, 2008, Lillian commenced a subsequent offer for all remaining shares of Golden Telecom common stock. The subsequent offer was successfully completed on February 26, 2008, with 38,093,677 shares of Golden Telecom common stock tendered during the initial and subsequent offering periods. These shares represented approximately 94.4% of the outstanding shares of Golden Telecom's common stock, an amount sufficient to permit the completion of a "short-form" merger under applicable Delaware law, without a vote of the remaining stockholders of Golden Telecom. As a result, VimpelCom Finance B.V., a direct wholly-owned subsidiary of VimpelCom, and Lillian on February 28, 2008, consummated a "short-form" merger, in which Lillian was merged with and into Golden Telecom and all

remaining stockholders of Golden Telecom who did not tender their shares in the tender offer (other than those, if any, properly perfecting dissenters' rights) received the right to receive US$105.00 per share in cash. Following the completion of the merger as of February 28, 2008, Golden Telecom became an indirect wholly-owned subsidiary of VimpelCom and started to be consolidated in VimpelCom's financial statements.

The fair value of acquired identifiable net assets of Golden Telecom at the date of the acquisition amounted to US$1,431,818. The excess of the acquisition cost over the fair value of the identifiable net assets of Golden Telecom amounted to US$2,884,341, which was recorded as goodwill and assigned to Russia fixed and Russia mobile reporting units in the amounts of US$2,430,657 and US$453,684, respectively. This goodwill is not deductible for tax purposes.

The following table summarizes the Company's estimate of the fair values of the assets acquired and liabilities assumed at the date of acquisition:

	As of the date of acquisition
Cash and cash equivalents	$ 56,095
Other current assets	382,990
Property and equipment	1,101,217
Licenses (3.3 years weighted average remaining useful life)	70,361
Customer Relationships (13.6 years weighted average remaining useful life)	686,743
Other intangible assets (1 years weighted average remaining useful life)	46,977
Goodwill	2,884,341
Other non-current assets	43,343
Total assets acquired	**5,272,067**
Current liabilities	379,014
Long-term liabilities	576,894
Total liabilities assumed	**955,908**
Total acquisition price	**$4,316,159**

Sotelco

On July 16, 2008, VimpelCom through Ararima acquired an indirect 90% voting and economic interest in the Cambodian company Sotelco Ltd. (**"Sotelco"**), which holds a GSM 900/1800 license and related frequencies for the territory of Cambodia. The transaction was made through the purchase of 90% of Sotelco's parent company, Atlas Trade Limited (BVI) ("Atlas"), for US$28,000 from Altimo. The remaining 10% of Atlas are owned by a local partner, a Cambodian entrepreneur. VimpelCom has also acquired a call option to purchase the 10% interest of the local partner. The acquisition of Sotelco was accounted for as an asset purchase of the telecom license through a variable interest entity. On acquisition, the Company allocated approximately US$41,646 to license, US$8,329 to deferred tax liability and US$5,100 to noncontrolling interest.

On May 18, 2009, Sotelco launched its mobile operations in Cambodia under VimpelCom's "Beeline" brand.

Millicom Lao Co., Ltd.

On September 16, 2009, VimpelCom signed an agreement for the acquisition of a 78% stake in Millicom Lao Co., Ltd., a mobile telecom operator with operations in the Lao PDR, from Millicom Holding B.V. (Netherlands) and Cameroon Holdings B.V. (Netherlands). The remaining 22% of Millicom Lao Co., Ltd. is owned by the Government of the Lao PDR, as represented by the Ministry of Finance.

The purchase price for the acquisition will be determined on the completion date and will be based on an enterprise value of Millicom Lao Co., Ltd. of US$102,000.

Completion of the acquisition is subject to the satisfaction or waiver of certain conditions, including the receipt of regulatory approvals.

Purchase of noncontrolling interest in consolidated subsidiaries

Corbina Telecom

On June 11, 2008, VimpelCom increased its share of ownership in Closed Joint Stock Company Cortec (**"Corbina Telecom"**), 51% subsidiary of Golden Telecom by acquiring the remaining 49% from Inure Enterprises Ltd. (**"Inure"**) for US$404,000 and US$4,250 of costs related to acquisition. As a result of this transaction, VimpelCom and its subsidiary together now own 100% of the shares of Corbina Telecom. The step acquisition was recorded under purchase method of accounting. The Company's financial statements reflect the allocation of the purchase price based on a fair value assessment of the assets acquired and liabilities assumed, and as such, the Company has assigned US$68,120 to intangible assets which will be amortized over a weighted average period of approximately 12 years, recording of a deferred tax liability in the amount of US$17,348 and adjusted noncontrolling interest by US$40,404. The total fair value of identifiable net assets acquired amounted to US$95,338. The excess of the acquisition cost over the fair value of identifiable net assets of Corbina Telecom amounted to US$312,912 and was assigned to Russia fixed reporting unit.

Limnotex

On July 1, 2008 VimpelCom exercised its option to acquire an additional 25% less one share of Limnotex Developments Limited (**"Limnotex"**) for US$561,807. Limnotex is the parent company of KaR-Tel, VimpelCom's operating subsidiary in Kazakhstan. As a result of the exercise, VimpelCom's overall direct and indirect share stake in Limnotex increased from 50% plus one share to 75%. The acquisition was recorded as step acquisition under the purchase method of accounting. The Company's financial statements reflect the allocation of the purchase price based on a fair value assessment of the assets acquired and liabilities assumed, and as such, the Company has assigned US$147,734 to intangible assets which will be amortized over a weighted average period of approximately 7 years, recording of a deferred tax liability in the amount of US$42,834 and adjusted noncontrolling interest by US$153,981. The fair value of acquired identifiable net assets amounted to US$99,946. The excess of the acquisition cost over the fair market value of the identifiable net assets amounted to US$309,490. This amount was recorded as goodwill, was assigned to the Kazakhstan reporting unit and is subject to annual impairment tests. To ensure a path to complete ownership over KaR-Tel, VimpelCom has agreed on put and call option arrangements with respect to the remaining 25% share in Limnotex which is held by Crowell Investments Limited (**"Crowell"**). More details about the options and amendments made in 2009 are disclosed in Note 17.

LLC Golden Telecom (Ukraine)

On December 30, 2009, VimpelCom increased its ownership interest in LLC Golden Telecom, a consolidated Ukrainian subsidiary of VimpelCom, from 80% to 100% by acquiring the 20% ownership interest it did not already own for a total cash consideration of US$18,200. The transaction was accounted for as a decrease in noncontrolling interest and a change in additional paid-in capital.

Investments in associates

GTEL-Mobile

On July 8, 2008, VimpelCom and its 100% owned direct subsidiary Ararima Enterprises Limited (Cyprus) (**"Ararima"**) signed a Joint Venture and Shareholders Agreement to establish a mobile telecommunications joint venture in Vietnam under the name of GTEL-Mobile Joint Stock Company (**"GTEL-Mobile"**). The other participants in GTEL-Mobile are Global Telecommunications Corporation (**"GTEL"**), a Vietnamese state-owned enterprise and GTEL TSC, a subsidiary of GTEL. Ararima received a 40% voting and economic interest in GTEL-Mobile in consideration for an equity investment of US$266,670 that has been paid in full. GTEL and GTEL TSC have equity interests in GTEL-Mobile of 51% and 9%, respectively. GTEL-Mobile has

received all of the regulatory approvals required under the Joint Venture and Shareholders Agreement, including the registration of GTEL-Mobile, GSM license and related frequencies.

On July 20, 2009, GTEL-Mobile launched its mobile operations in Vietnam under the "Beeline" brand.

Euroset

On October 23, 2008, VimpelCom through Ararima acquired 49.9% shares of Morefront Holdings Ltd, a company that owns 100% of the Euroset Group (**"Euroset"**), from Rambert Management Ltd, a company controlled by Inure, for approximately US$226,000. The acquisition was recorded under the equity method of accounting. The total estimated fair value of identifiable net liabilities acquired amounted to US$355,515. The excess of the acquisition cost over VimpelCom's share in the fair value of identifiable net liabilities of Euroset amounted to US$405,516. In addition, as part of the transaction, VimpelCom has agreed on put and call arrangements, exercisable after three years, with respect to a further 25% of the shares of Morefront Holdings Ltd. owned by Rambert Management Ltd.

Other Acquisitions

In 2008, the Company completed several small acquisitions of fixed line telecommunication operators in different regions of Russia with the total consideration of US$32,274. The acquisitions were recorded under the purchase method of accounting. The fair value of acquired identifiable net assets of the acquired companies amounted to US$21,959 and adjusted noncontrolling interest by US$11,744. The excess of the acquisition cost over the fair market value of the identifiable net assets amounted to US$10,315. This amount was recorded as goodwill, was mainly assigned to the Russia fixed reporting unit and is subject to annual impairment tests.

The following unaudited pro forma combined results of operations for VimpelCom give effect to the CSK, Golden Telecom, Corbina Telecom and Euroset business combinations as if they had occurred at the beginning of 2007. The pro forma combined results do not include Sotelco as it was a non-operating entity in 2008 and, therefore, its inclusion would not impact the results. These pro forma amounts are provided for informational purposes only and do not purport to present the results of operations of VimpelCom had the transactions assumed therein occurred on or as of the date indicated, nor is it necessarily indicative of the results of operations which may be achieved in the future.

	Year ended December 31,	
Unaudited	**2008**	**2007**
Pro forma total operating revenues	$10,359,737	$8,403,248
Pro forma net income attributable to VimpelCom	299,455	1,314,887
Pro forma basic and diluted net income per common share	**$ 5.89**	**$ 25.84**

4. Unconsolidated Variable Interest Entities

Sky Mobile

On February 13, 2008, VimpelCom advanced to Crowell, under a loan agreement as of February 11, 2008, (the **"Loan Agreement"**), a loan in the principal amount of US$350,000 and at the interest rate of 10%. The loan was secured by 25% of the shares of Limnotex. The Loan Agreement was entered into after Crowell acquired the entire issued share capital of Menacrest Limited (**"Menacrest"**), which is the parent company of LLC Sky Mobile (**"Sky Mobile"**), a mobile operator in Kyrgyzstan, holding GSM and 3G licenses to operate over the entire territory of Kyrgyzstan. Crowell granted the Company two call options (the **"Call Option Agreement"**) over the entire issued share capital of Menacrest.

On May 29, 2009, VimpelCom agreed to amend the Loan Agreement in that the term of the loan facility was extended until February 11, 2014 and interest rate has been changed to be a fixed amount per annum starting from the effective date of the amendment. Also, the security interest granted by Crowell to VimpelCom over 25% of the shares of Limnotex was replaced by a security interest over 100% of the shares of Menacrest.

KaR-Tel also has a management agreement with Sky Mobile.

In accordance with ASC 810-10, VimpelCom analyzed these agreements to determine if the entities that are party to them are variable interest entities (VIE) on both quantitative and qualitative basis. The Company concluded that Sky Mobile is a VIE.

To determine whether VimpelCom is the primarily beneficiary, an analysis was performed to identify if the Company absorbs majority of expected losses or benefits from majority of expected residual returns of VIE, or both. The analysis led to conclude that VimpelCom is not the primary beneficiary and Sky Mobile should not be consolidated.

The Company involvement with Sky Mobile affects the enterprise's financial position, financial performance and cash flows in that the Company has recorded the loan granted to Crowell in other non-current assets in the amount US$395,792, including long-term portion of accrued interest and related accrued interest of US$5,945 in other current assets as of December 31, 2009 (Note 14). The Company's risk of loss related to Sky Mobile is primarily limited to these carrying values.

5. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31:

	2009	2008
US dollars	$ 919,739	$553,611
Russian rubles	361,344	182,165
Uzbekistan Sum	98,384	75,727
Kazakhstan Tenge	37,391	32,740
EURO	19,646	56,571
Armenian Dram	5,234	8,835
Ukrainian Hryivna	3,952	3,120
Other currencies	1,259	1,914
Total cash and cash equivalents	**$1,446,949**	**$914,683**

6. Derivative Instruments

VimpelCom uses derivative instruments, including swaps, forward contracts and options to manage certain foreign currency and interest rate exposures. The Company views derivative instruments as risk management tools and does not use them for trading or speculative purposes. Derivatives are considered to be economic hedges, however all derivatives are accounted for on a fair value basis and the changes in fair value are recorded in the statement of income. Cash flows from derivative instruments are reported in operating activities section in the statement of cash flows. As described in *Note 2*, the Company adopted ASC 820-10, Fair Value Measurements and Disclosures – Overall on January 1, 2008. ASC 820-10, among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. ASC 820-10 clarifies that 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. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820-10 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company measures the fair value of derivatives on a recurring basis, using observable inputs (Level 2), such as LIBOR floating rates, using income approach with present value techniques.

The following table represents VimpelCom's derivatives as of December 31, 2009 and for the year ended December 31, 2009:

	As of December 31, 2009		Year ended December 31, 2009	
	Liability derivatives		Location of Gain (Loss)	Amount of Gain (Loss)
Derivatives not designated as hedging Instruments under ASC 815-10	Balance Sheet Location	Fair value	Recognized in Income on Derivative	Recognized in Income on Derivative
Interest rate exchange contracts	Accrued liabilities	$1,163		
Interest rate exchange contracts	Other non-current liabilities	3,961	Other income/ (expense)	$ (1,792)
Foreign exchange contracts	Accrued liabilities	–	Net foreign exchange (loss)/gain	(35,996)
Total derivatives not designated as hedging instruments under ASC 815-10		$5,124		$(37,788)

The disclosure of derivatives fair value is also provided in Note 7.

In November 2006, VimpelCom entered into forward foreign exchange contracts for a total amount of US$736,629 to hedge its US dollar denominated obligations due in 2007 and 2008. These contracts ranged from 26.6 Russian rubles per 1 US dollar to 26.7 Russian rubles per 1 US dollar. These forward agreements were fully exercised as of December 31, 2007.

In March 2007, VimpelCom entered into short-term forward agreements for a total amount of US$53,010 to hedge its short-term US dollar denominated obligations with a forward exchange rate 26.1775 Russian rubles per 1 US dollar. These forward agreements were fully exercised as of March 31, 2008.

During the third quarter of 2007, VimpelCom entered into a short-term zero-cost collar agreement for a total amount of US$120,545 to hedge its US dollar debt. The forward exchange rate of protection was 27.0323 Russian rubles per 1 US dollar and the rate of participation was 24.9281 Russian rubles per 1 US dollar. These zero-cost collars were closed in June 2008.

During the fourth quarter of 2006, VimpelCom entered into a short-term cross-currency interest rate swap transaction. The amount of the swap was US$236,111 at 26.64 Russian rubles per 1 US dollar as well as a 6.37% interest rate. The amount of the contract was subject to remeasurement, in conjunction with the change of the exchange rate of the US dollar to the Russian ruble and LIBOR fluctuation. This cross-currency interest rate swap was closed in February 2008.

On October 3, 2006, KaR-Tel and Citibank, N.A., London signed an agreement which provided KaR-Tel rights to enter into transactions with derivatives. On November 8, 2006, KaR-Tel entered into a swap deal with Citibank, N.A., London for the amount of US$100,000 or 12,246,000 thousand Kazakhstan Tenge by fixing the settlement rate to 122.64 Kazakhstan Tenge per 1 US dollar and current floating interest rate payable for a loan with the European Bank for Reconstruction and Development (**"EBRD"**) at 9.9%. This agreement was effective until December 18, 2010. However, on March 4, 2008, the swap transaction was terminated based on the mutual agreement with Citibank, N.A., London.

On October 27, 2007, Sovintel entered into a three-year Interest Rate Swap agreement with Citibank, N.A. London Branch, to reduce the volatility of cash flows in the interest payments for variable-rate debt in the amount of US$225,000. Pursuant to the agreement, Sovintel will exchange interest payments on a regular basis and will pay a fixed rate equal to 4.355% in the event LIBOR floating rate is not greater than 5.4%, and otherwise Sovintel shall pay LIBOR floating rate. As of December 31, 2009, outstanding notional amount was US$155,790.

On March 5, 2008, VimpelCom entered into an option agreement (zero-cost collar) with Deutsche Bank and received a right to purchase US dollars in the amount of US$643,620 for Russian rubles at a rate not higher than 26.84 Russian rubles per one US dollar in exchange for granting to Deutsche Bank a right to sell the same amount of

US dollars to VimpelCom at a rate not lower than 23.50 Russian rubles per one US dollar. Options were exercisable at various dates ranging from August 2008 to March 2009 and fully exercised as of March 31, 2009.

On October 3, 2008, VimpelCom entered into an option agreement (zero-cost collar) with Vneshtorgbank (**"VTB"**) and received a right to purchase US dollars in the amount of US$851,813 for Russian rubles at a rate not higher than 33.15 Russian rubles per one US dollar in exchange for the granting to VTB a right to sell the same amount of US dollars to VimpelCom at rate not lower than 24.90 Russian rubles per one US dollar. Options were exercisable at various dates ranging from April 2009 to September 2009 and fully exercised as of September 30, 2009.

In March 2009, VimpelCom entered into a series of forward agreements with BNP Paribas and Citibank to acquire US dollars in the amounts of US$101,134 and US$65,558, respectively, at rates ranging from 38.32 to 39.72 Russian rubles per one US dollar, to hedge its short-term US dollar-denominated liabilities due in the fourth quarter of 2009. These forward agreements were fully exercised as of December 31, 2009.

7. Fair Value of Financial Instruments

VimpelCom measures financial assets and financial liabilities at fair value on a recurring basis.

The following table provides the disclosure of fair value measurements separately for each major category of assets and liabilities measured at fair value.

		Fair Value Measurements as of December 31, 2009 Using		
Description	Total	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivatives liabilities	$5,124	–	$5,124	–
Total	**$5,124**	**–**	**$5,124**	**–**

As of December 31, 2009 and December 31, 2008, the fair value of fixed and floating rate bank loans (based on future cash flows discounted at current market rates) was as follows:

	December 31, 2009		December 31, 2008	
	Carrying value	Fair value	Carrying Value	Fair Value
Loans payable				
Eurobonds	$1,800,647	$1,946,126	$2,000,000	$1,262,770
US$3,500 million Loan Facility	1,170,000	1,145,071	2,000,000	1,954,077
UBS (Luxemburg) S. A.	1,063,264	1,111,915	1,417,234	1,079,265
Sberbank	1,436,555	1,458,612	829,229	836,340
EUR600 million Loan Facility	632,371	636,793	777,186	781,312
Ruble Bonds	661,284	733,609	340,363	320,337
US$275 million Loan Facility	190,410	188,001	275,000	268,860
Loans receivable				
Crowell	350,000	324,652	350,000	345,812

The fair value of bank financing, equipment financing contracts and other financial instruments not included in the table above approximates carrying value.

The fair market value of financial instruments, including cash and cash equivalents, which are included in current assets and liabilities, accounts receivable and accounts payable approximates the carrying value of these items due to the short term nature of these amounts.

8. Property and Equipment

Property and equipment, at cost, consisted of the following at December 31:

	2009	2008
Telecommunications equipment	$ 7,206,446	$ 6,608,140
Land, buildings and constructions	335,675	351,055
Office and measuring equipment	769,097	711,304
Other equipment	370,192	400,713
	8,681,410	8,071,212
Accumulated depreciation	(3,730,395)	(2,828,845)
Equipment not installed and assets under construction	610,554	1,183,506
Total property and equipment, net	**$ 5,561,569**	**$ 6,425,873**

9. Telecommunications Licenses and Other Intangible Assets

Telecommunications licenses acquired directly by VimpelCom were initially recorded at cost. Telecommunications licenses acquired in business combinations were initially recorded at their fair value as of the acquisition date.

The total gross carrying value and accumulated amortization of VimpelCom's telecommunications licenses as of December 31, 2009 and 2008 were as follows:

	2009	2008
Telecommunications licenses, at cost	$1,240,201	$1,301,169
Accumulated amortization	(697,604)	(588,962)
	542,597	**712,207**
Telecommunications licenses not in current use	–	52,576
Total telecommunications licenses, net	**$ 542,597**	**$ 764,783**

Telecommunication licenses not in current use mainly comprised of GSM telecommunications license owned by Sotelco, for which the business operations have not been started, in the amount of US$41,741 as of December 31, 2008.

In 2007, VimpelCom acquired Dominanta LLC (**"Dominanta")** – an entity which holds a DVB-H license and, together with Golden Telecom, in February 2008 VimpelCom acquired Colangon-Optim LLC (**"Colangon"**), an entity which holds a DVB-T license. Both licenses gave an opportunity for VimpelCom to provide TV services. However, additional broadcasting licenses were required to start operations, and legislation did not have a mechanism of obtaining such licenses in 2008. Due to the high level of uncertainty on the terms when such licenses could be obtained, the management decided to write-off the value of the DVB-T/DVB-H licenses as of the end of 2008. The total amount of write-off was US$37,620.

The total gross carrying value and accumulated amortization of VimpelCom's other intangible assets by major intangible asset class as of December 31, 2009 and December 31, 2008 was as follows:

	Weighted average amortization period, years	2009	2008
Telephone line capacity	9.5	$ 149,077	$ 144,927
Customer relationships	14.9	763,496	836,374
Other intangible assets	5.0	219,668	228,170
		1,132,241	**1,209,471**
Accumulated amortization		(431,876)	(326,641)
Total other intangible assets, net	**12.3**	**$ 700,365**	**$ 882,830**

Amortization expense for all VimpelCom's intangible assets (telecommunications licenses and other intangible assets) for each of the succeeding five years is expected to be as follows:

2010	$254,235
2011	235,315
2012	211,407
2013	144,175
2014	94,671
Thereafter	303,159

10. Impairment of Goodwill and Long-Lived Assets

The Company has the following reporting units. The change in carrying amount of goodwill for the year ended December 31, 2008 and December 31, 2009 is presented below:

Reporting units	Balance as of December 31, 2007	Acquisition	Finalization of Purchase Price Allocation	Impairment	Translation adjustment	Balance as of December 31, 2008
Kazakhstan mobile	$ 180,481	$ 309,490	$ (7,045)	$ –	$ (3,220)	**$ 479,706**
Kazakhstan fixed	12,911	–	(12,870)	–	(41)	**–**
Ukraine mobile	81,999	–	–	(53,778)	(28,221)	**–**
Tadjikistan mobile	13,063	–	–	–	–	**13,063**
Uzbekistan mobile	154,061	–	–	–	–	**154,061**
Armenia mobile	135,662	–	–	–	(1,110)	**134,552**
Armenia fixed	10,211	–	–	–	(84)	**10,127**
Russia mobile	451,428	453,684	–	–	(155,134)	**749,978**
Russia fixed	–	2,753,883	–	(315,049)	(503,379)	**1,935,455**
Total	**$1,039,816**	**$3,517,057**	**$(19,915)**	**$(368,827)**	**$(691,189)**	**$3,476,942**

Reporting units	Balance as of December 31, 2008	Acquisition	Finalization of Purchase Price Allocation	Impairment	Translation adjustment	Balance as of December 31, 2009
Kazakhstan mobile	$ 479,706	$–	$–	$–	$ (88,845)	$ 390,861
Tadjikistan mobile	13,063	–	–	–	–	13,063
Uzbekistan mobile	154,061	–	–	–	–	154,061
Armenia mobile	134,552	–	–	–	(25,107)	109,445
Armenia fixed	10,127	–	–	–	(1,911)	8,216
Russia mobile	749,978	–	–	–	(21,420)	728,558
Russia fixed	1,935,455	–	–	–	(55,366)	1,880,089
Total	**$3,476,942**	**$–**	**$–**	**$–**	**$(192,649)**	**$3,284,293**

Under provisions of ASC 350, Intangibles – Goodwill and Other, goodwill is tested annually for impairment or upon the occurrence of certain events or substantive changes in circumstances. In performing the first step ("Step 1") of the goodwill impairment test in accordance with ASC 350, the Company compared the net book values of its reporting units to their estimated fair values. In determining the estimated fair values of the reporting units, the Company employed a Discounted Cash Flow ("DCF") analysis. Determining estimated fair values requires the application of significant judgment. The basis for VimpelCom's cash flow assumptions includes historical and forecasted revenue, operating costs and other relevant factors including estimated capital expenditures.

	2009	2008
Discount rate (functional currency)	14.6%-16.0%	16.6%-21.9%
Terminal growth rate	3%-3.5%	3%-3.5%
Start of terminal growth period	7 years-10 years	7 years-10 years

The Company estimates revenue growth rates for each reporting unit and each future year. These rates vary based on numerous factors, including size of market in particular country, GDP (Gross Domestic Product) and foreign currency projections, traffic growth, market share and others. In 2009, the Compound Annual Growth Rates ranged from 3.7% to growth by 13.7% in comparison to range of 0%-18% in 2008. In 2009 the average operating income margins ranged from 12.4% to 37.1% (in 2008 the average operating income margins ranged from negative 11.2% to positive 34.8%).

The results of the DCF analyses were corroborated with other value indicators where available, such as the Company's market capitalization, comparable company earnings multiples and research analyst estimates. Management bases its fair value estimates on assumptions it believes to be reasonable, but which are unpredictable and inherently uncertain.

In 2009, the results of this Step 1 process indicated that there was no impairment of goodwill as the estimated fair values of the reporting units exceeded the carrying values of their net assets. In 2008, the results of this Step 1 process indicated that there was a potential impairment of goodwill in the Russia Fixed and Ukraine Mobile reporting units, as the carrying values of the net assets of the reporting units exceeded their estimated fair values. As a result of the Step 2 analyses, as of December 31, 2008 the Company recorded goodwill impairments of US$315,049 and US$53,778 at the Russia Fixed and Ukraine Mobile reporting units, respectively.

To illustrate the magnitude of potential goodwill impairments relative to future changes in estimated fair values, had the fair values of the following material reporting units been hypothetically lower by the percentages listed below, the reporting unit book value would have exceeded fair value as of impairment test date, October 1, 2009, approximately by the following amounts set forth in the table.

	10%	20%	30%
Russia Fixed	–	–	191,239
Armenia Mobile	–	14,087	39,928
Armenia Fixed	–	–	23,916

If any of these cases were to occur, Step 2 of the goodwill impairment test would be required to be performed to determine the ultimate amount of impairment loss to record.

As for the other reporting units, a change in fair value of 30% would not cause the reporting unit to fail Step 1.

An increase in the discount rate by one percentage point or a reduction in revenue growth by 10% would result in a decrease in the combined fair value of the reporting units as of impairment test date of approximately US$2,018,069 and US$2,104,178, respectively. For the reporting units discussed above, the relative decreases in fair value of reporting unit as of impairment test date would be:

	1% age Point Increase In Discount Rate	10% Decrease in Revenue Growth
Russia Fixed	9.7%	24.2%
Armenia Fixed	6.3%	3.6%
Armenia Mobile	6.7%	6.4%

Long Lived Assets

As a result of the goodwill impairments for the year ended December 31, 2008, the Company also tested the finite-lived intangible assets for impairment pursuant to the provisions of ASC 360-10, Property, Plant and Equipment – Overall (SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets)*. For the Russia Fixed reporting unit, the undiscounted future cash flows associated with the long-lived assets exceeded the carrying value of those assets, and thus there was no impairment. However, for the Ukraine Mobile reporting unit, because of the decrease in the expected future cash flows due to the projected decline in service revenues (relative to the Company's previous analyses), the Company concluded such assets were impaired, and an asset impairment of US$36,300 was recognized for the year ended December 31, 2008.

VimpelCom also decided to write-off the value of DVB-T/DVB-H licenses in the year ended December 31, 2008 (*Note 9*).

For the year ended December 31, 2009, no impairment indicators were noted and no loss was recognized.

11. Software

The total gross carrying value and accumulated amortization of VimpelCom's software as of December 31, 2009 and December 31, 2008 were as follows:

	2009	2008
Software, at cost	$ 1,489,107	$1,453,319
Accumulated depreciation	(1,040,852)	(904,153)
Total software, net	**$ 448,255**	**$ 549,166**

12. Investments in Associates

Investments in associates consisted of the following at December 31:

	2009	2008
GTEL – Mobile(1)	$265,797	$306,027
Euroset(2)	140,095	160,127
Rascom(3)	26,840	23,409
Others	4,035	3,987
Total	**$436,767**	**$493,550**

(1),(2) VimpelCom acquired 49.9% interest in Euroset in October 2008 and 40% interest in GTEL – Mobile in July 2008 (*Note 3*). The following table shows the combined results of operations and financial position of Euroset and GTEL-Mobile:

	2009	2008
Current assets	$ 765,550	$1,063,151
Non-current assets	823,517	689,192
Current liabilities	1,167,541	1,508,505
Non-current liabilities	303,097	5,757
Net assets	118,429	238,081
Share of VimpelCom in net assets	2,869	52,899
Net sales	1,714,598	504,307
Gross profit	576,460	160,857
Net loss	(90,295)	(116,337)
Net loss attributable to VimpelCom	(39,185)	(58,497)

The difference between the share of VimpelCom in net assets of associates and the carrying amount of investments in associates primarily represents goodwill.

(3) The Company's share in Rascom CJSC (**"Rascom"**), a company acquired as part of Golden Telecom acquisition (*Note 3*), is 54%. Investment in Rascom does not qualify for accounting under the consolidation method of accounting because the rights of the minority shareholder represent substantive participating rights, and as result, such rights overcome the presumption that the Company controls Rascom. Therefore, the Company accounts for this investment under the equity method. Equity in net income of Rascom for the year ended December 31, 2008 and 2009 was of US$2,176 and US$3,862, respectively.

13. Inventory

Inventory consisted of the following at December 31:

	2009	2008
Telephone handsets and accessories for sale	$20,255	$ 78,607
SIM-Cards	17,572	16,205
Equipment for sale	8,886	12,918
Info materials	3,257	11,829
Scratch cards	4,064	7,000
Other inventory	7,885	16,090
Total	**$61,919**	**$142,649**

14. Supplemental Balance Sheet Information

Other current assets consisted of the following at December 31:

	2009	2008
Short term investments	$406,856	$ 482
Advances to suppliers	116,576	85,887
Software with a useful life shorter than one year	29,097	29,331
Interest receivable	15,697	32,184
Prepaid taxes	9,989	154,837
Deferred costs related to connection fees	6,505	3,011
Forwards and other derivatives	–	109,751
Other	42,537	24,996
Total other current assets	**$627,257**	**$440,479**

Short term investments represent bank deposits carried at amounts of cash deposited with maturity dates within the year ended December 31, 2010. Deposits can be withdrawn prior to the contractual maturity date. In case of early withdrawal interest rate will be decreased.

Other non-current assets consisted of the following at December 31:

	2009	2008
Long term loans granted to Crowell	$395,792	$350,000
Frequencies and permissions	107,118	113,972
Unamortized debt issue costs	96,016	81,142
Long term deposits	78,880	–
Long term advances	29,364	56,486
Long term input VAT	27,941	41,222
Prepayments to suppliers for long-lived assets	23,904	56,953
Other long-term assets	33,072	25,727
Total other non-current assets	**$792,087**	**$725,502**

As of December 31, 2009, long term loan receivable represents the loan granted to Crowell and related long-term interest accrued in the amount of US$45,792 (*Note 4*). As of December 31, 2008, the loan has been recorded in long term loans receivable and related short-term interest in the amount of US$26,790 in other current assets.

Long term deposits represent bank deposits carried at amounts of cash deposited with primarily maturity date of January, 2011. Deposits can be withdrawn prior to the contractual maturity date. In case of early withdrawal interest rate will be decreased.

Other current accrued liabilities consisted of the following at December 31:

	2009	2008
Cash rights for shares of Golden Telecom	$145,930	$145,930
Interest payable	94,299	84,606
Short-term deferred revenue	28,713	17,002
Deferred consideration for associates	12,500	25,000
Other accrued liabilities	34,224	16,217
Total current accrued liabilities	**$315,666**	**$288,755**

Cash rights for shares of Golden Telecom represents amount not paid to the previous shareholders of Golden Telecom as of December 31, 2009.

Other non-current liabilities consisted of the following at December 31:

	2009	2008
FIN 48 provision, long-term portion	$ 73,621	$ 29,470
Asset retirement obligations	37,916	29,717
Long-term deferred revenue	35,766	29,470
Derivatives	3,961	8,544
Other non-current liabilities	13,372	25,624
Total other non-current liabilities	**$164,636**	**$122,825**

The following table summarizes the movement in asset retirement obligations for the years ended December 31, 2009 and December 31, 2008:

	2009	2008
Asset retirement obligations at the beginning of the reporting period	$29,717	$21,095
Liabilities incurred in the current period	3,900	6,009
Accretion expense	2,027	1,948
Increase as a result of changes in estimates	2,936	5,892
Foreign currency translation adjustment	(664)	(5,227)
Asset retirement obligations at the end of the reporting period	**$37,916**	**$29,717**

The accretion expense was included in depreciation in the accompanying consolidated statements of income.

15. Short and Long Term Debt

VimpelCom finances its operations using a variety of lenders in order to minimize total borrowing costs and maximize financial flexibility. The Company continues to use bank debt, lines of credit and notes to fund operations, including capital expenditures.

The following table provides a summary of outstanding bank loans, equipment financing indebtedness, capital lease obligations and other debt as of:

	December 31, 2009	December 31, 2008
Bank loans, less current portion	$5,356,655	$6,405,492
Long-term portion of equipment financing	182,935	127,807
Long-term portion of capital leases	316	406
Total long-term debt	**$5,539,906**	**$6,533,705**
Bank loans, current portion	$1,729,364	$1,705,777
Short-term portion of equipment financing	79,830	88,704
Short-term portion of capital leases	3,947	739
Other debt	–	114,001
Bank and other loans, current portion	**$1,813,141**	**$1,909,221**

Bank loans consisted of the following as of December 31:

	2009	2008
Eurobonds(1)	$ 1,800,647	$ 2,000,000
Sberbank(2)	1,436,555	829,230
US$3,500 million Loan Facility (Facility B)(3)	1,170,000	2,000,000
UBS (Luxembourg) S.A.(4)	1,063,264	1,417,234
Ruble Bonds(5)	661,284	340,363
EUR600 million Loan Facility(6)	632,371	777,179
Citibank International plc(7)	190,410	275,000
Svenska Handelsbanken AB(8)	57,671	81,866
US$275 million Loan Facility(9)	44,740	61,191
Standart Bank PLC – loan to URS(10)	20,000	100,000
Bayerische Hypo- und Vereinsbank AG(11)	9,001	25,020
EBRD – loan to KaR-Tel(12)	–	127,965
Raiffeisenbank Austria – loan to URS(13)	–	32,000
Bayerische Landesbank – loan to URS(14)	–	32,000
OTP Bank – loan to URS(15)	–	10,000
Other loans	76	2,221
	$ 7,086,019	$ 8,111,269
Less current portion	(1,729,364)	(1,705,777)
Total long-term bank loans	**$ 5,356,655**	**$ 6,405,492**

(1) On April 30, 2008, VIP Finance Ireland Limited completed an offering of an aggregate principal amount of US$2,000,000 loan participation notes, split equally between five-year and 10-year tranches, for the sole purpose of funding loans in an aggregate principal amount of US$2,000,000 to VimpelCom. The five-year US$1,000,000 issue (the **"2013 Notes"**) and related loan in the same principal amount bear interest at an annual rate of 8.375% payable semiannually and are due in April 2013. The 10-year US$1,000,000 issue (the **"2018 Notes"**) and related loan in the same principal amount bear interest at an annual rate of 9.125% payable semiannually and are due in April 2018. The loan participation notes are listed on the Irish Stock Exchange and are with limited recourse to VIP Finance Ireland Limited. VimpelCom raised this financing (i) to repay Facility A under the loan agreement entered into on February 8, 2008 (as described below), in connection with its acquisition of Golden Telecom and (ii) to continue the development and expansion of the Company's networks, including through possible acquisitions or investments in existing wireless operators within Russia or abroad, by establishing new wireless operators or by entering into local partnerships or joint ventures within Russia or abroad. Deferred financing costs relating to the 2013 Notes offering and 2018 Notes offering (which include gross issuance costs) comprised US$8,027 and US$8,327 respectively and will be amortized over 5 and 10 years respectively.

In October 2009, VimpelCom completed the partial repurchase of an aggregate principal amount of US$199,353 of its US$1,000,000 8.375% 2013 Notes. The 2013 Notes were purchased on October 14, 2009 with a 4.75% premium over the notes' nominal value. The payment for the repurchased notes also included accrued interest. Related effect in the amount of US$9,470 was recognized in "other (expenses)/income, net" in the statement of income.

(2) In April 2004, Sberbank provided a five-year, US dollar denominated, secured, non-revolving credit line of US$130,000 to VimpelCom. The loan was to be repaid in eight equal installments, on a quarterly basis, commencing February 27, 2007. The interest rate as of December 31, 2007, was 8.5% per annum and was subject to change by Sberbank upon the occurrence of certain events. Under the loan agreement, VimpelCom was subject to certain defined debt covenant restrictions, including several restrictions related to financial condition. From November 1, 2008, Sberbank increased the interest rate to 9.25%. On April 14, 2009, VimpelCom repaid the principal amount outstanding under this loan facility. As of December 31, 2009, there was no debt outstanding under this loan facility.

On August 31, 2006, Sberbank provided VimpelCom with a three-year Russian ruble denominated, secured, non-revolving credit line in the amount of RUR6,000 million (US$198,385 at the exchange rate as of December 31, 2009). The loan bore annual interest at a rate of 8.5%, which could be changed by Sberbank upon the occurrence of certain events. The loan was to be repaid in three quarterly installments, the first of which was on February 27, 2009, and the last of which was on August 30, 2009. On February 26, 2007, VimpelCom drew down RUR6,000 million under this non-revolving credit line with Sberbank. From November 1, 2008, Sberbank increased the interest rate to 9.75%. On August 31, 2009, VimpelCom repaid the outstanding indebtedness under this loan facility. As of December 31, 2009, there was no debt outstanding under this loan facility.

On February 14, 2008, VimpelCom signed a five year credit line with Sberbank in the amount of US$750,000, to be drawn down in Russian rubles at the exchange rate at the date of the draw down. The credit line bears annual interest at a rate of 9.5% for the first two years and 9.25% for the third and subsequent years. The Company borrowed RUR17,886 million (equivalent to US$591,399 at the exchange rate as of December 31, 2009) during 2008. On November 1, 2008, Sberbank increased the interest rate to 11.0%. On March 1,

2009, Sberbank again increased the interest rate to 13.0%. The amount of debt outstanding under this loan as of December 31, 2009 was US$591,399.

On March 10, 2009, VimpelCom signed a ruble-denominated, secured, loan agreement with Sberbank in the amount of RUR8,000 million (equivalent to US$223,855 at the exchange rate as of March 10, 2009). The loan agreement matures on December 27, 2011. According to the provisions of the loan agreement, the interest rate of 17.5% per annum may be increased up to 19.0% per annum in case of occurrence of certain events. The interest rate can also be raised unilaterally by Sberbank upon 30 days' notice, in which case VimpelCom will have the right to prepay the loan in full without penalty at any time within 30 days after receipt of the notice. On May 29, 2009, VimpelCom made a drawdown in the amount of RUR8,000 million (the equivalent to US$255,380 at the exchange rate as of May 29, 2009) under this loan agreement. At the moment of the drawdown, the actual interest rate under this loan facility was 17.5% per annum. On June 28, 2009, Sberbank decreased the interest rate on this loan facility from 17.5% to 17.25% and the maximum interest rate to 18.75%. On September 1, 2009, Sberbank decreased the interest rate on this loan facility to 16.25% and the maximum interest rate to 17.75%. The indebtedness under this loan agreement is secured by the pledge of telecommunication equipment in the amount of RUR8,485 million (the equivalent to US$280,550 at the exchange rate as of December 31, 2009). As of December 31, 2009, the principal amount of debt outstanding under this facility was RUR8,000 million (equivalent to US$264,514 at the exchange rate as of December 31, 2009).

On March 10, 2009, VimpelCom also signed a secured loan agreement with Sberbank in the amount of US$250,000. The loan agreement matures on December 27, 2012. According to the provisions of the loan agreement, the initial interest rate of 12.0% per annum may be increased up to 13.0% per annum in case of occurrence of certain events. The interest rate can also be raised unilaterally by Sberbank upon 30 days' notice, in which case VimpelCom will have the right to prepay the loan in full without penalty at any time within 30 days after receipt of the notice. On May 29, 2009, VimpelCom made a drawdown in the amount of US$250,000 under this loan agreement. At the moment of the drawdown, the actual interest rate under this loan facility was 12.0% per annum. VimpelCom agreed with Sberbank to decrease the interest rate on this loan facility from 12.0% to 11.5% per annum and the maximum interest rate from 13.0% to 12.5%, starting from June 28, 2009. VimpelCom also agreed with Sberbank to decrease the interest rate on this loan facility from 11.5% to 11.00% per annum and the maximum interest rate from 12.5% to 12.0%, starting from September 1, 2009. The indebtedness under this loan agreement is secured by the pledge of telecommunication equipment in the amount of US$325,764. As of December 31, 2009, the principal amount of debt outstanding under this facility was US$250,000.

On August 28, 2009, VimpelCom signed an unsecured three and a half year loan agreement with Sberbank in the amount of RUR10,000 million (equivalent to US$316,051 at the exchange rate as of August 28, 2009). The loan agreement matures on April 30, 2013. According to the provisions of the loan agreement, the interest rate of 15.0% per annum may be increased up to 15.25% per annum in case of occurrence of certain events. The interest rate can also be raised by Sberbank upon 30 days' notice, in which case VimpelCom will have the right to prepay the loan in full without penalty at any time within 30 days after receipt of the notice. On August 31, 2009, VimpelCom made a drawdown in the amount of RUR10,000 million (equivalent to US$316,769 at the exchange rate as of August 31, 2009) under this loan agreement. At the moment of the drawdown the actual interest rate under this loan was 15.0% per annum. As of December 31, 2009, the principal amount of debt outstanding under this facility was RUR10,000 million (equivalent to US$330,642 at the exchange rate as of December 31, 2009).

(3) On February 8, 2008, VimpelCom entered into a loan agreement for an aggregate principal amount of US$3,500,000. The loan agreement included a US$1,500,000 bridge term loan facility (**"Facility A"**) and a US$2,000,000 term loan facility (**"Facility B"**) to partially finance the acquisition of Golden Telecom by a subsidiary of the Company. Facility A was required to be refinanced within 12 months by an issuance of bonds or other form of financing, subject to market conditions. Facility B is required to be repaid in equal semiannual installments starting from the date falling 12 months after the signing date. Facility A bore interest at London Interbank Offered Rate ("LIBOR") plus margins of 0.75% per annum for first 6 months; 1% per annum for the period from 7 to 9 months; and 1.25% per annum thereafter. Facility B bears interest at LIBOR plus a margin of 1.5% per annum. On February 19, 2008, VimpelCom drew down US$3,500,000 under the loan agreement. On May 6, 2008, the Company fully repaid Facility A from the proceeds of two loans from VIP Finance Ireland Limited in an aggregate principal amount of US$2,000,000, funded by the issuance of limited-recourse loan participation notes by VIP Finance Ireland Limited on April 30, 2008 (as described above).

On April 28, 2009, VimpelCom signed an Amendment Agreement in relation to the US$3,500,000 Facility Agreement dated February 8, 2008, and as amended by an Amendment and Transfer Agreement dated March 28, 2008. In accordance with the terms of the Amendment Agreement, certain financial covenants and general undertakings were changed, including, among others, decrease of the required minimum level of Total Shareholders Equity from US$3,000,000 to US$2,000,000, which will be applicable to the financial statements for the first three quarters of 2009 and for the 2009 financial year. Starting from the financial statements for the first quarter of 2010 and thereafter, the requirement of the minimum level of Total Shareholders Equity will be returned to the level of US$3,000,000. As of December 31, 2009, the principal amount of debt outstanding under this facility was US$1,170,000.

(4) Starting in June of 2004, VimpelCom entered into a series of loan agreements (the **"Loans"**) with UBS (Luxembourg) S.A., (**"UBS"**), whereby various amounts were borrowed to finance operations and capital expenditures. UBS then completed a series of offerings of loan participation notes (the **"Notes"**) for the sole purpose of funding the loans to VimpelCom. The Notes are listed on the Luxembourg Stock Exchange and are without recourse to UBS.

In October 2009, VimpelCom completed the partial repurchase of an aggregate principal amount of US$115,236 of its US$300,000 8.375% Loan Participation Notes due 2011 issued by, but without recourse to, UBS for the sole purpose of funding a loan totaling US$300,000 to the Company (the **"2011 Notes"**). The 2011 Notes were purchased on October 22, 2009 with a 6.625% premium over the notes' nominal value. Related effect in the amount of US$7,634 was recognized in "other (expenses)/income, net" in the statement of income.

On May 22, 2006, UBS and VimpelCom entered into a Loan for US$600,000. UBS completed an offering of US$600,000 8.25% loan participation notes due 2016 (the **"2016 Notes"**) for the sole purpose of funding such US$600,000 loan (the **"2016 Loan"**) to VimpelCom. US$367,234 principal amount of the 2016 Notes was issued in a concurrent offer (the **"Concurrent Offer"**) for cash consideration and US$232,766 principal amount of the 2016 Notes was issued in an exchange offer (the **"Exchange Offer"**) in exchange for an equal principal amount of validly tendered and accepted 10.0% loan participation notes due 2009 (the **"2009 Notes"**) issued in June

and July 2004. As a consequence of the Exchange Offer, the obligation of UBS to advance the remaining US$232,766 principal under the 2016 Loan was offset against the tendered 2009 Notes, thereby reducing the aggregate outstanding principal amount due under the Loans due June 16, 2009 from US$450,000 to US$217,234. Deferred financing costs relating to the 2016 Notes offering (which includes gross issuance cost and the compensatory fee connected with the Exchange Offer) comprised US$28,421 and will be amortized over 10 years.

The following table outlines the amounts borrowed and the respective interest rates and due dates for each series of the Loans and the 2016 Loan.

Date Borrowed	Due Date	Payment Period	Amount Borrowed	Interest Rate	31-Dec-09	31-Dec-08
16-Jun-04	16-Jun-09	Semiannually	$250,000	10%	$ –	$ 17,234
14-Jul-04	16-Jun-09	Semiannually	$200,000	10%	–	200,000
22-Oct-04	22-Oct-11	Semiannually	$300,000	8.38%	184,764	300,000
11-Feb-05	11-Feb-10	Semiannually	$300,000	8%	278,500	300,000
22-May-06	22-May-16	Semiannually	$600,000	8.25%	600,000	600,000
Total					**$1,063,264**	**$1,417,234**

(5) On July 25, 2008, VimpelCom issued Russian ruble-denominated bonds in an aggregate principal amount of RUR10,000 million (US$427,749 at exchange rate as of July 25, 2008). The bonds are due on July 19, 2013, and bondholders had a put option exercisable on January 26, 2010, at 100% of nominal value plus accrued interest. Interest is to be paid semiannually. The annual interest rate for the first three payment periods is 9.05%. VimpelCom will determine the annual interest rate for subsequent periods no later than seven business days before the third interest payment. The aggregate amount of debt outstanding under these bonds as of December 31, 2009 was RUR10,000 million (equivalent to US$330,642 at the exchange rate as of December 31, 2009) and is included in short-term debt in the consolidated balance sheet as of December 31, 2009 because of the put option described above.

On July 14, 2009, VimpelCom issued Russian ruble-denominated bonds in an aggregate principal amount of RUR10,000 million (the equivalent to US$302,483 at the exchange rate as of July 14, 2009). The bonds are due on July 8, 2014. Interest will be paid semiannually. The annual interest rate for the first four payment periods is 15.2%. VimpelCom will determine the annual interest rate for subsequent periods based on market conditions. Bond holders will have the right to sell their bonds to VimpelCom when the annual interest rate for subsequent periods is announced at the end of the fourth payment period. As of December 31, 2009, the aggregate principal amount of debt outstanding under these bonds was RUR10,000 million (equivalent to US$330,642 at the exchange rate as of December 31, 2009).

(6) On October 15, 2008, VimpelCom signed an unsecured loan agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd., Barclays Capital, BNP Paribas, Commerzbank Aktiengesellschaft, Standard Bank Plc, Sumitomo Mitsui Banking Corporation Europe Limited and WestLB AG, London Branch as mandated lead arrangers and bookrunners and Standard Bank Plc as agent. On the signing date, VimpelCom borrowed the total committed amount of EUR476 million. In November and December 2008, the agreement was amended to increase the commitments by EUR75 million. The facility is required to be repaid in five equal semiannual installments starting from October 16, 2009. The rate of interest for the facility is EURIBOR plus 2.30% per annum.

On April 28, 2009, VimpelCom signed an amendment pursuant to which certain financial covenants and general undertakings were changed, including, among others, a decrease of the required minimum level of Total Shareholders Equity from US$3,000,000 to US$2,000,000, which will be applicable to the financial statements for the first three quarters of 2009 and for the 2009 financial year. Starting from the financial statements for the first quarter of 2010 and thereafter, the required minimum level of Total Shareholders Equity will be returned to the level of US$3,000,000. As of December 31, 2009, the principal amount of debt outstanding under this facility was EUR441 million (equivalent to US$632,371 at the exchange rate as of December 31, 2009).

(7) As of the date of VimpelCom's acquisition of Golden Telecom *(Note 3)*, Golden Telecom was a party to a five-year term facility agreement (the **"Facility Agreement"**) with banks, financial institutions and other institutional lenders as lenders, Citibank, N.A. London Branch and ING Bank N.V. as mandated lead arrangers, and Citibank International plc as agent. The Facility Agreement established an unsecured credit facility under which certain wholly owned subsidiaries of Golden Telecom, may borrow up to an aggregate of US$275,000. The Facility Agreement bears interest at a rate equal to LIBOR plus 1.5% per annum for the first twenty-four months and LIBOR plus 2% per annum thereafter and matures in January 2012. In April 2008, EDN Sovintel LLC (**"Sovintel"**), a wholly owned subsidiary of Golden Telecom, borrowed an additional US$50,000 under the Facility Agreement. The set of covenants was amended to be similar to those in VimpelCom's syndicated facility agreements. The outstanding principal amount of debt under the Facility Agreement as of December 31, 2009 was US$190,410.

(8) On February 24, 2004, Svenska Handelsbanken AB provided a seven-year, US dollar denominated credit line of US$69,700 to VimpelCom under guarantee of the Swedish Export Credits Guarantee Board (**"EKN"**). The loan is to be repaid in fourteen equal installments, on a semiannual basis, commencing not later than November 20, 2004. The loan bears interest at the rate of six-month LIBOR plus 0.325%, which is payable semiannually. Under the loan agreement, VimpelCom is subject to certain defined debt covenant restrictions, including several restrictions related to financial condition. The principal amount outstanding under this credit line as of December 31, 2009, was US$14,940.

On November 3, 2005, VimpelCom signed a US$99,705 loan agreement with Svenska Handelsbanken AB under an EKN guarantee. The loan bears interest at LIBOR plus 0.325% per annum. Each tranche borrowed under this loan is to be repaid in fourteen equal installments on a semiannual basis commencing not later than May 30, 2006. The facility was available for drawing until and including April 30, 2006. As of December 31, 2009, the principal amount of debt outstanding under this loan agreement was US$42,731.

(9) On November 1, 2006, VimpelCom signed a six-year US$99,350 loan agreement arranged by Citibank N.A., and insured by Euler Hermes Kreditversicherungs AG. The loan bears interest at the rate of LIBOR plus 0.1% per annum. The first tranche borrowed under this loan is to be repaid in twelve equal installments on a semiannual basis commencing on November 21, 2006. The second tranche borrowed

under this loan is to be repaid in twelve equal installments on a semiannual basis commencing not later than May 6, 2007. The principal amount of debt outstanding under this loan as of December 31, 2009 was US$44,740.

(10) On March 26, 2007, VimpelCom's wholly owned subsidiary Ukrainian Radio Systems CJSC (**"URS"**) signed a US$100,000 loan agreement with Standard Bank Plc, SMBC and VTB Bank Europe plc. The facility bears interest at a rate of LIBOR plus 1.15%. The loan will be repaid in five installments, starting from March 26, 2009. As of December 31, 2009, the principal amount of debt outstanding under this facility was US$20,000.

(11) On June 30, 2005, VimpelCom signed two unsecured loan agreements in an aggregate amount of US$59,000 with Bayerische Hypo- und Vereinsbank AG and Nordea Bank AB. The loans have identical terms and bear interest at LIBOR plus 0.35% per annum. The first loan is to be repaid in ten equal installments on a semiannual basis commencing November 7, 2005, and the second loan is to be repaid in ten equal installments on a semiannual basis commencing November 18, 2005. As of December 31, 2009, the aggregate principal amount outstanding under these loan agreements was US$5,855.

On June 30, 2005, Vostok-Zapad Telecom, at the time a subsidiary of VimpelCom and since merged into VimpelCom, signed a US$22,525 loan agreement with Bayerische Hypo- und Vereinsbank AG and Nordea Bank AB under ECA guarantee. In 2006, Vostok-Zapad Telecom was merged into VimpelCom and VimpelCom assumed Vostok-Zapad Telecom's obligations under this loan facility. The loan bears interest at LIBOR plus 0.35% per annum. The first tranche borrowed under this loan agreement is to be repaid in ten equal installments on a semiannual basis commencing November 16, 2005, and the second tranche is to be repaid in ten installments on a semiannual basis commencing April 18, 2006. As of December 31, 2009, the principal amount outstanding under this loan agreement was US$3,146.

(12) On December 16, 2005, KaR-Tel signed a US$100,000 loan agreement with the EBRD. The EBRD granted US$50,000 from its own sources and another US$50,000 was granted by participation with a group of banks. The original interest rate was LIBOR plus 3.9% for the first $50,000 tranche and LIBOR plus 3.5% for the second $50,000 tranche. On December 29, 2007, KaR-Tel and the EBRD amended the loan agreement to increase the amount of the loan facility available to KaR-Tel up to US$130,000 and to amend certain other terms and conditions. EBRD provided US$65,000 from its own sources, and the remaining US$65,000 was provided by a group of banks. The interest rate was 6-month LIBOR plus 2.05% per annum for the tranche provided by EBRD and 6-month LIBOR plus 1.85% per annum for the tranche provided by the group of banks. The amended agreement allowed for the extension of the debt up to 7 years and was effected from April 10, 2008. The loan had a number of financial covenants that in case of breach would require KaR-Tel to repay the debt before the stated maturity date. On November 30, 2009, the outstanding balance, including the accrued interest, under this loan facility in an aggregate amount of US$131,855 was fully prepaid. There was no outstanding amount under this loan facility as of December 31, 2009.

(13) On October 19, 2006, URS signed a US$40,000 loan agreement with Raiffeisen Zentralbank Österreich Aktiengesellschaft. The facility bore interest at a rate of LIBOR plus 1.25%. The loan was to be repaid in five equal quarterly installments starting on October 17, 2008. On October 19, 2009, URS fully repaid the outstanding indebtedness. As of December 31, 2009, there was no debt outstanding under this loan facility.

(14) On December 12, 2006, URS signed a US$40,000 loan agreement with Bayerische Landesbank. The facility bore interest at a rate of LIBOR plus 1.0%. The loan was to be repaid in five equal quarterly installments starting on December 19, 2008. On December 11, 2009, URS fully repaid the outstanding indebtedness. As of December 31, 2009, there was no debt outstanding under this loan facility.

(15) On November 9, 2006, URS signed a US$20,000 loan agreement with OTP Bank (formerly Raiffeisen Ukraine). The facility bore annual interest at a rate of LIBOR plus 3.0%. The loan was to be repaid in four equal quarterly installments starting on January 20, 2009. On April 21, 2009, URS fully prepaid the outstanding indebtedness under this loan facility. As of December 31, 2009, there was no debt outstanding under this loan facility.

Equipment Financing Obligations

VimpelCom has entered into agreements with different equipment vendors for the purchase and installation of mobile telecommunications GSM network equipment. These agreements allow for the expenditures to be deferred similar to a long term debt agreement. The following table provides a summary of VimpelCom's material

outstanding equipment financing indebtedness, including bank loans obtained for the purposes of financing equipment purchases.

Borrower	Vendor/Lender	Interest rate	Outstanding debt as of December 31, 2009	Outstanding debt as of December 31, 2008	Maturity date	Security
VimpelCom(1)	Unicredit - HVB	AB SEK Rate+0,75%	$ 90,281	$ –	Semiannually, final June 15, 2016	EKN guarantee
VimpelCom(2)	HSBC	6 month MOSPRIME +0.08%	46,717	58,375	Semiannually, September 28, 2007 – March 2014	EKN guarantee
VimpelCom(3)	Cisco	16%	42,571	–	Quarterly, 2012	Network equipment
KaR-Tel(4)	BayernLB (Hermes2)	6 month LIBOR +0.38%	28,422	37,824	Semiannually, final – December 27, 2012	EHECA guarantee
Sotelco(5)	Huawei	6 month LIBOR+2,1%	19,351	–	Semiannually, June, 2016	VimpelCom guarantee, Sinosure guarantee
Unitel(6)	Huawei	8%	14,620	30,818	Various dates through 2008	Network equipment
ArmenTel(7)	BNP Paribas	6 month EURIBOR+0.9%	6,939	9,991	Various dates through 2010	None
ArmenTel(8)	Intracom SA	from 3 month EURIBOR +1.5% to 12 month EURIBOR +1.5%, 12 month LIBOR plus 1.5%	4,970	14,728	Various dates through 2011	None
KaR-Tel(9)	Citibank International Plc	6 month LIBOR +0.25%, 6 month LIBOR +0.30%	4,462	29,498	Semiannually, January 24, 2007 – August 28, 2011	VimpelCom guarantee
Tacom(10)	Huawei	8%	351	3,195	Various dates through 2008	Network equipment
KaR-Tel(11)	HVB	6 month LIBOR +0.2%, 6 month LIBOR +0.4%	–	24,345	Semiannually, final – December 21, 2011	ATF Bank guarantee
ArmenTel(12)	Siemens A.E	3 month EURIBOR+1.5%	–	1,058	Various dates through 2012	None
Other			4,081	6,679		
Total equipment financing			$262,765	$216,511		
Less current portion			(79,830)	(88,704)		
Long-term equipment financing			**$182,935**	**$127,807**		

Future payments under bank loans, equipment financing and capital lease agreements and other debt are as follows:

2010	$1,813,141
2011	1,963,216
2012	731,688
2013	1,198,547
2014	23,332
Thereafter	1,623,123
Total	**$7,353,047**

Other Debt

In April 2007, VimpelCom entered into an agreement to sell a 33.3% ownership interest in its wholly-owned subsidiary, Freevale Enterprises, Inc. (BVI) for a sale price of US$20,000. Freevale Enterprises owns 21.0% of Unitel. The sale effectively represents 7% of Unitel. The transaction was finalized on June 14, 2007. In connection with this agreement, the purchaser granted to VimpelCom an option to acquire the entire remaining interest held by the purchaser and, simultaneously, VimpelCom granted to the purchaser an option to sell to VimpelCom the entire remaining interest held by the purchaser. Under the terms of the options, the future price was to be based on a

formula; however in no event could the future price be less than US$57,500 or more than US$60,000. Following the provisions of EITF No. 00-4, Majority Owner's Accounting for a Transaction in the Shares of a Consolidated Subsidiary and a Derivative Indexed to the Minority Interest in That Subsidiary (primarily codified in ASC 480-10-55, Distinguishing Liabilities from Equity-Overall-Implementation Guidance and Illustration), the sale consideration was accounted for as a secured borrowing of US$20,000. On September 23, 2009, upon the purchaser's exercise of the option to sell to VimpelCom 33.3% of the shares of Freevale Enterprises, VimpelCom completed the purchase of the Freevale Enterprises shares for a total consideration of US$57,500. As a result of the transaction, VimpelCom's indirect ownership in Unitel increased to 100%. The transaction was accounted for as a repayment of debt. As of December 31, 2009, there was no amount of debt outstanding under this agreement.

In November and December 2008, Vimpelcom issued promissory notes in the amount of RUR2,399 million (the equivalent to US$86,787 at the exchange rate as of the date of issuance). The promissory notes were issued as an advance payment to secure future services. The promissory notes were ruble-denominated and bore no interest, maturing at weekly intervals within the period up to November 2009. As of June 30, 2009, the outstanding indebtedness amounted to RUR939 million (the equivalent to US$30,009 at the exchange rate as of June 30, 2009). As of September 30, 2009, VimpelCom fully repaid the outstanding indebtedness in the amount of RUR929 million (equivalent to US$30,872 at the exchange rate as of September 30, 2009), including some portion repaid before maturity. The gain on extinguishment of debt before maturity was US$319.

16. Equity

In 1996, VimpelCom issued 6,426,600 shares of preferred stock. As of December 31, 2009 and 2008, all of the shares of preferred stock were owned by Eco Telecom Limited (**"Eco Telecom"**). Each share of preferred stock entitles its holder to (i) one vote, (ii) to receive a fixed dividend of .001 ruble per share per year and (iii) to receive a fixed liquidation value of .005 Russian rubles per share in the event of VimpelCom's liquidation, to the extent there are sufficient funds available. As of December 31, 2009, the official exchange rate was 30.2442 rubles per 1 US dollar. Each share of preferred stock is convertible into one share of common stock at any time after June 30, 2016, at the election of the holder upon payment to VimpelCom of a conversion premium equal to 100% of the market value of one share of common stock at the time of conversion.

On December 14, 2006, the VimpelCom's Board approved Amendment No. 4 to the Amended and Restated Stock Options Plan (the **"Plan"**) in order to increase the maximum aggregate number of shares authorized under the Plan from 650,000 to 1,050,000. In May 2007, 800,000 ADSs (the equivalent of 200,000 shares of the Company's common stock, prior to the adjustment in the ADS ratio mentioned below) were repurchased at an average price of US$101.29 (pre-ADS split as discussed below), for a total aggregate consideration of approximately US$81,069.

In June and July 2008, VC ESOP N.V. purchased 200,000 shares of VimpelCom's common stock for US$114,476 in open market transactions, the purchased shares were utilized for the issuance of stock based compensation awards under the Plan.

The shares held by VC ESOP N.V. (566,443 shares and 663,614 shares as of December 31, 2009 and 2008, respectively) were treated as treasury shares in the accompanying consolidated financial statements.

In March 2007, the Board approved the Company's dividend policy. Subject to the constraints and guidelines contained in the dividend policy as well as those under Russian law, the policy contemplates that the Board will recommend the payment of cash dividends annually and the amount of the annual dividend will generally be equal to at least 25.0% of the consolidated net income (which is equivalent to net income attributable to VimpelCom following the Company's adoption of SFAS 160), as determined under US GAAP.

In 2007, a dividend was paid in the amount of RUR166.88 per share of the common stock (or approximately US$0.32 per ADS based on the Russian Central Bank exchange rate as of date of approval, June 29, 2007, as adjusted for the change in the ADS ratio mentioned below) based on the results of the 2006 fiscal year, amounting to a total of RUR8.6 billion (or approximately US$331,742 based on the Russian Central Bank exchange rate as of June 29, 2007). In accordance with Russian tax legislation, VimpelCom withheld a tax of up to 30% on the dividend amount upon payment, which was approximately RUR1.2 billion (or approximately US$44,664 based on the Russian Central Bank exchange rate as of June 29, 2007).

At the Annual General Shareholders Meeting held on June 9, 2008 the shareholders approved payment of a cash annual dividend to holders of common registered shares in the amount of 270.01 Russian rubles per common share of VimpelCom stock, or approximately US$0.57 per ADS based on the Russian Central Bank exchange rate as of June 9, 2008 based upon the results of the 2007 fiscal year, amounting to a total of RUR13.85 billion (or approximately US$588,580 based on the Russian Central Bank exchange rate as of June 9, 2008). In accordance with Russian tax legislation, VimpelCom withheld a tax of up to 15% on the dividend amount, which was approximately RUR1.9 billion (or approximately US$79,080 based on the Russian Central Bank exchange rate as of June 9, 2008).

On December 17, 2009, the Extraordinary General Meeting of Shareholders of the Company approved an interim dividend payment based on the operating results for the nine months ended September 30, 2009 in the amount of RUR190.13 per common share of VimpelCom common stock (the equivalent to US$0.31 per ADS at the exchange rate as of December 17, 2009), amounting to a total of approximately RUR9.75 billion (the equivalent to US$322,873 at the exchange rate as of December 17, 2009). In accordance with Russian tax legislation, VimpelCom is required to withhold a tax of up to 15% on dividend payments which was approximately RUR1.3 billion (or approximately US$43,465 based on the Russian Central Bank exchange rate as of December 17, 2009).

On August 8, 2007, VimpelCom announced a change in the ratio of its ADSs traded on the NYSE from four ADSs for one common share to 20 ADSs for one common share effective August 21, 2007. The distribution date to ADS holders was August 21, 2007. There were no changes to VimpelCom's underlying common shares. All amounts in the accompanying financial statements have been restated to reflect the revised ratio, except where otherwise indicated.

Each outstanding share of VimpelCom's common stock entitles its holder to participate in shareholders meetings, to receive dividends in such amounts as have been validly approved by shareholders, and in the event of VimpelCom's liquidation, to receive part of VimpelCom's assets to the extent there are sufficient funds available.

In accordance with Russian legislation, VimpelCom can distribute all profits as dividends or invest them into the operations. Dividends may only be declared from accumulated undistributed and unreserved earnings as shown in the Russian statutory financial statements, not out of amounts previously transferred to reserves. In accordance with Russian tax legislation, dividends are subject to a withholding tax of up to 15% when payable, starting from January 1, 2008. Transfers to reserves have been insignificant through December 31, 2009. As of December 31, 2009, VimpelCom's retained earnings distributable under Russian legislation were US$5,784,622 (*non-audited)*, at the official year-end exchange rate.

17. Redeemable noncontrolling interest

The Company accounts for securities with redemption features that are not solely within the control of the issuer in accordance with EITF Topic D-98, Classification and Measurement of Redeemable Securities (codified as ACS 480-10 – Distinguishing Liabilities from Equity ("ACS 480-10")).

In June 2008, the Company modified its contractual arrangements with respect to the 25% noncontrolling interest in its subsidiary Limnotex Developments Limited ("Limnotex"), which is held by Crowell Investments Limited ("Crowell"). The modified contractual arrangements contained embedded redemption features that could or will result in the noncontrolling interest being redeemable outside of the control of VimpelCom at various dates. Under the modified contractual arrangements as of December 31, 2008, Crowell could exercise a put option between January 1, 2010 and December 31, 2010, at a redemption amount of US$550,000 in the aggregate. Additionally, after the 2008 audited financial statements of KaR-Tel were issued, the Company had a call option on the noncontrolling interest for a redemption amount determined by a fair value-based pricing mechanism which should have been exercised on or before December 31, 2011.

In May 2009, the contractual arrangements related to the noncontrolling interest were further amended to extend the timing of the redeemable features embedded in the contractual arrangements. Under the amended contractual arrangements, Crowell may exercise a put option between January 1, 2013 and December 31, 2013, at a redemption amount of US$550,000 in the aggregate. Additionally, after the 2011 audited financial statements of KaR-Tel are

issued, the Company has a call option on the noncontrolling interest for a redemption amount determined by a fair value-based pricing mechanism which must be exercised on a date which is after the issuance of the audited financial statements of KaR-Tel for the year ended December 31, 2014. As of December 31, 2009, the redemption amount of the redeemable noncontrolling interest based on this fair value-based pricing mechanism (as if the noncontrolling interest were currently redeemable) was US$640,119.

The Company classifies redeemable noncontrolling interest as temporary equity. The Company recorded it at its estimated fair value at the date of the change to its contractual arrangements with Crowell and then accreted to its redemption amount over the redemption term. The estimated fair value of the redeemable noncontrolling interest was calculated by discounting the future redemption amount of the noncontrolling interest from January 1, 2010 (the date on which the noncontrolling interest was first to become redeemable outside of VimpelCom's control (under the June 2008 modified contractual arrangements, prior to the May 2009 amendment)). The redeemable noncontrolling interest has been valued based on the terms of the put option because the fair value of the redemption amount that may be required under the put option exceeded the fair value of the redemption amount that may be required under the call option. If, in the future, the fair value of the redemption amount under the call option is greater, the redeemable noncontrolling interest will accrete to that amount. The redeemable noncontrolling interest is first credited with its share of earnings of the Company's subsidiary, Limnotex, and, to the extent that this is less than the required accretion, the difference is charged to additional paid-in capital. The charge to additional paid-in capital does not affect net income attributable to VimpelCom in the Company's income statement.

18. Income Taxes

VimpelCom and its subsidiaries file their tax returns as prescribed by the tax laws of the jurisdictions in which they operate. The provision for income taxes varies from the amount computed by applying the statutory rate to income before taxes (Russia – 20% (24% before January 1, 2009), due to certain tax benefits allowed under applicable tax legislation, the non-deductibility of certain expenses and income (loss) being generated in jurisdictions having different tax rates (Kazakhstan – 20% (30% before January 1, 2009), Ukraine and Tajikistan – 25%, Armenia – 20%, Georgia – 15%, in Uzbekistan there is a complex income tax regime, that results in an effective rate of approximately 18% (17% effective January 1, 2010)). Income tax exemptions relate primarily to accumulated tax losses, which may be carried forward for use against future taxable income. However, tax losses do not have an effect on Income Tax Rate (unless reserved by a valuation allowance). Non-deductible expenses consist primarily of tax effect of intragroup dividends, legal, consulting, representational and other expenses in excess of allowable limits.

Income tax expense consisted of the following for the years ended December 31:

	2009	2008	2007
Current income taxes	$454,571	$396,588	$561,070
Deferred taxes	(19,541)	(92,654)	32,858
	$435,030	**$303,934**	**$593,928**

A reconciliation between the income tax expense reported in the accompanying consolidated financial statements and income before taxes multiplied by the Russian Federation statutory tax rate of 20% for the year ended December 31, 2009 and 24% and for the years ended December 31, 2008 and 2007, is as follows:

	2009	2008	2007
Income tax expense computed on income before taxes at Russian statutory tax rate	$310,472	$ 213,896	$508,886
Effect of goodwill impairment	–	89,056	–
Effect of deductible temporary differences not recognized as measured by the change in valuation allowance	33,133	58,871	187
Effect of non-deductible expenses	45,698	42,515	71,028
Tax effect of intragroup dividends	27,904	–	–
Effect of tax claims	15,841	15,738	(615)
Taxable capital contribution	1,818	14,875	15,001
Effect of different tax rates in different jurisdictions	(3,843)	8,768	8,984
Effect of change in statutory Income tax rate	6,519	(137,762)	–
Other	(2,512)	(2,023)	(9,543)
Income tax expense reported in the accompanying consolidated financial statements	**$435,030**	**$ 303,934**	**$593,928**

VimpelCom has the following significant balances for income tax losses carried forward, fully provisioned as of December 31, 2009 and December 31, 2008, respectively:

Jurisdiction	Balance as of 31.12.2009	Balance as of 31.12.2008	Period for carry-forward
Urkaine	$219,401	$166,626	Carry-forward rule is set up annually by legislation. The rule as of the end of 2009 – period limited in time (2010-2011)
Russia	126,609	10,260	2012-2019
Georgia	72,502	44,125	2010-2015
USA	37,382	43,781	2019-2029
Belgium	29,284	20,489	Not limited in time
Netherlands	13,858	–	2013-2017
Cyprus	13,388	20,615	Not limited in time
Tadjikistan	7,941	–	2010-2012
Total	**$520,365**	**$305,896**	

For financial reporting purposes, a valuation allowance has been recognized to reflect management's estimate for realization of the deferred tax assets. Valuation allowances are provided when it is more likely than not that some or all of the deferred tax assets will not be realized in the future. These evaluations are based on expectations of future taxable income and reversals of the various taxable temporary differences.

Starting from January 1, 2007, the Company adopted the provisions of FIN 48 (*Note 2*). The reconciliation of the total amounts of unrecognized tax benefit, including fines and penalties (interest), for the three years ended December 31, 2009 are presented in the table below:

Balance as of January 1, 2007 adoption	$ 44,344
Increase of tax positions taken during the current period	3,146
Decrease of tax positions taken during the current period	(353)
Increase of tax positions taken during a prior period	5,880
Decrease of tax positions taken during a prior period	(9,441)
Decrease as a result of resolution through litigation	(1,063)
Foreign currency translation adjustment	2,567
Balance as of December 31, 2007	45,080
Increases as a result of business combinations	11,389
Increase of tax positions taken during the current period	43,719
Decrease of tax positions taken during the current period	(2,648)
Increase of tax positions taken during a prior period	30,139
Decrease of tax positions taken during a prior period	(42,875)
Decrease as a result of resolution through litigation	(16,176)
Foreign currency translation adjustment	(10,257)
Balance as of December 31, 2008	58,371
Increase of tax positions taken during the current period	27,504
Decrease of tax positions taken during the current period	(8,878)
Increase of tax positions taken during a prior period	21,654
Decrease of tax positions taken during a prior period	(16,526)
Foreign currency translation adjustment	(2,426)
Balance as of December 31, 2009	**$ 79,699**

The amount of total unrecognized tax benefit as of December 31, 2009 and December 31, 2008, includes US$67,977 and US$56,101, respectively, of unrecognized tax benefits that, if recognized, would affect the effective income tax rate in any future periods.

As of December 31, 2008, the Company had accrued US$9,226 and US$3,211 for the potential payment of fines and penalties (interest), respectively. The Company accrued additional fines and penalties (interest) of US$7,505 and US$5,948, respectively, for the year ended December 31, 2009 and US$11,275 and US$3,832, respectively, for the year ended December 31, 2008. The total amounts of fines and penalties (interest) recognized in the consolidated balance sheet as of December 31, 2009 comprised US$12,015 and US$5,677, respectively.

The Russian tax inspectorate has completed its examination of VimpelCom's tax filings for the years 2005-2006 (*Note 23*). The court hearings related to the tax inspectorate claims resulting from the examination of tax years 2005-2006, if finalized in 2010, could change the amount of the unrecognized income tax benefits.

The total amount of unrecognized tax benefit that could significantly increase or decrease within 12 months due to lapse of statutory limitation term or the results of foregoing litigations comprised US$7,817 and US$13,203 as of December 31, 2009 and December 31, 2008, respectively.

Due to the fact that, subject to certain legal issues, the year 2006 remains open to a repeated examination by the tax authorities in Russia, the Company considers the tax years from 2006 through 2009 to be open in Russia. VimpelCom's subsidiaries in Tajikistan, Armenia, Uzbekistan and Ukraine are subject to income tax examinations for the tax years 2007 through 2009; the subsidiary in Georgia is subject to income tax examination for the tax years 2004 through 2009 and the subsidiary in Kazakhstan is subject to income tax examination for the tax years 2005 through 2009. Management is unable to reliably predict the outcome of any tax examinations and the materiality of their impact on VimpelCom's consolidated financial statements, if any.

The following deferred tax balances were calculated by applying the presently enacted statutory tax rate applicable to the period in which the temporary differences between the carrying amounts and tax base of assets and liabilities are expected to reverse. The amounts reported in the accompanying consolidated financial statements at December 31 consisted of the following:

	2009	2008
Deferred tax assets:		
Current		
Accrued operating and interest expenses, including gain from derivatives	$ 58,516	$ 46,215
Deferred revenue	32,661	28,990
Bad debts assets	9,120	7,856
Loss carry-forwards	10,070	3,079
Non-current		
Accrued operating and interest expenses	17,707	9,345
Non-current assets	3,870	2,627
Loss carry-forwards	105,855	75,356
	237,799	173,468
Valuation allowance	(108,932)	(74,707)
	128,867	98,761
Deferred tax liabilities:		
Current		
Undistributed retained earnings of subsidiaries	19,037	–
Bad debts provision	516	945
Non-current		
Property and equipment	378,087	317,638
Telecommunication licenses	89,018	144,379
Customer relationships and other intangible assets	125,111	166,478
Other non-current assets	21,852	30,789
	633,621	660,229
Net deferred tax liabilities	504,754	561,468
Add current deferred tax assets	91,493	82,788
Add non-current deferred tax assets	904	1,521
Less current deferred tax liability	(679)	(1,302)
Total long-term net deferred tax liability	**$ 596,472**	**$644,475**

At December 31, 2009, undistributed earnings of VimpelCom's foreign (outside of Russian Federation) and domestic subsidiaries indefinitely invested amounted to approximately US$969,221 and US$64,903, respectively. Determination of the amount of unrecognized deferred taxes related to these undistributed earnings is not practical.

19. Valuation and Qualifying Accounts

The following summarizes the changes in the allowance for doubtful accounts for the years ended December 31, 2009, 2008 and 2007:

Balance as of December 31, 2006	$ 39,483
Provision for bad debts	62,444
Accounts receivable written off	(55,966)
Foreign currency translation adjustment	3,143
Balance as of December 31, 2007	49,104
Provision for bad debts	64,559
Accounts receivable written off	(78,761)
Foreign currency translation adjustment	(2,958)
Balance as of December 31, 2008	31,944
Provision for bad debts	56,160
Accounts receivable written off	(19,048)
Foreign currency translation adjustment	(9,986)
Balance as of December 31, 2009	**$ 59,070**

The provision for bad debts included in the accompanying consolidated statements of income is net of related value-added taxes of US$4,898, US$9,848 and US$9,525 for the years ended December 31, 2009, 2008 and 2007, respectively.

20. Related Party Transactions

The Company from time to time enters into certain transactions with its shareholders and their affiliates and other related parties.

Transactions between VimpelCom and its related parties, except for the transactions described below, consist primarily of services from the related parties and loans to them, which are not material to the financial results of VimpelCom. The following table summarizes the significant transactions and balances with related parties:

	2009	2008	2007
Revenue from Alfa	$ 19,584	$ 10,377	$ –
Revenue from Telenor	3,474	3,221	–
Revenue from associates	40,600	9,622	520
Revenue from other related parties	36,169	3,934	21,079
	$ 99,827	**$ 27,154**	**$21,599**
Services from Alfa	$ 6,128	$ 9,122	$ 1,806
Services from Telenor	2,049	3,264	590
Services from associates	131,812	35,900	7,992
Services from other related parties	70,685	5,039	8,160
	$210,674	**$ 53,325**	**$18,548**
Accounts receivable from Alfa	$ 3,352	$ 3,536	$ –
Accounts receivable from Telenor	377	396	–
Accounts receivable from associates	236,729	163,871	133
Accounts receivable from other related parties	9,173	393	5,272
	$249,631	**$168,196**	**$ 5,405**
Non-current account receivable from associates	$ 1,040	$ 2,059	$ –
Accounts payable to Alfa	$ 301	$ 434	$ –
Accounts payable to Telenor	272	106	49
Accounts payable to associates	1,880	5,248	1,627
Accounts payable to other related parties	6,758	1,704	1,097
	$ 9,211	**$ 7,492**	**$ 2,773**
Long-term account payable to associates	$ 626	$ 666	$ –

Outstanding balances and transactions with Alfa relate to operations with VimpelCom's shareholder Eco Telecom, its consolidated subsidiaries, its direct owners and their consolidated subsidiaries. In particular, VimpelCom has contracts with Alfa Insurance to provide the Company with property and equipment liability insurance; the General Service Agreement with Altimo for provision of legal and personnel services. The Company also has contracts to provide fixed telecommunication service to Eco Telecom and its subsidiaries.

VimpelCom maintains bank accounts in Alfa Bank, which are used for payroll and other payments in the ordinary course of business. The balances in these bank accounts were US$176,500 and US$139,114 at December 31, 2009 and 2008, including US$75,000 and US$130,500 of short-term deposits, respectively.

Outstanding balances and transactions with Telenor relate to operations with VimpelCom's shareholder Telenor East Invest AS, its consolidated subsidiaries, its direct owners and their consolidated subsidiaries. In particular, VimpelCom has roaming contracts with ProMonte Montenegro, DTAC/UCOM Thailand, Telenor Serbia, Telenor Mobil AS Norway, Pannon GSM Telecommunications Ltd. Hunga, Telenor Mobile Sweden Norway; the General Agreement for provision of personnel and General Services Agreement with Telenor Russia AS. VimpelCom also has a contract to provide fixed telecommunication service to Telenor Mobile Holding AS Norway.

Outstanding balances and transactions with associates relate to operations with VimpelCom's equity investees (Note 12). Euroset transactions included from the acquisition date (Note 3) mainly represent dealer commission payments for the acquisition of new subscribers and commission for payments receipts. Operations with associates also include purchase of bill delivery services from Firma Kurier. VimpelCom also has a contract to provide fixed telecommunication service with ZAO Rascom.

Outstanding balances and transactions with other related parties relate to operations with Sky Mobile (*Note 4*) and Kyivstar (jointly owned by Telenor and Eco Telecom, *Note 1*).The Company has the contracts with them for providing mobile telecommunication services, including roaming activity, and purchasing from them services on transportation of fixed telecommunication traffic. KaR-Tel also has a management agreement with Sky Mobile.

21. Stock Based Compensation Plan

As discussed in *Note 16*, VimpelCom has adopted the Plan, which has been amended since inception.

The Plan is administered by a Committee which, as of December 31, 2009, consisted of the Compensation Committee of VimpelCom's Board. The Committee has the power to determine the terms and conditions of grants under the Plan, including the number of options to be granted, the exercise price and the vesting schedule.

The options granted generally vest at varying rates over two years. If certain events provided for in the Plan and the agreement relating to each option grant occur, the vesting period for certain employees is accelerated. VimpelCom recognizes compensation cost separately for each vesting tranche for awards subject to graded vesting. The total fair values of shares vested during the years ended and as of December 31, 2009, 2008 and 2007 were of US$3,416, US$5,683 and US$60,148, respectively. The number of options exercised during 2009 was 97,171 and the amount paid to employees was US$15,276. The number of shares converted for the 62,970 options exercised during 2008 was 40,568 and share-based liabilities paid to employees was US$25,487. The number of shares converted for the 177,436 options exercised during 2007 was 100,113 and share-based liabilities paid to employees was US$51,471. Amounts of liabilities paid were equal to intrinsic value of options exercised as of exercise date.

Prior to December 24, 2008, the manner of exercise of stock options required variable accounting for stock-based compensation under ASC 718, Compensation-Stock Compensation, and the options were considered liability awards. On December 24, 2008, VimpelCom modified its stock-based compensation programs (except for "phantom" plans and SARs) to require equity classification. The amount of compensation expense in respect of the Plan included in the accompanying consolidated statements of operations was US$2,333 expense, US$121,890 gain and US$171,242 expense in the years ended December 31, 2009, 2008 and 2007, respectively. As of December 31, 2009, the total compensation cost related to non-vested awards not yet recognized is US$453 and the weighted-average period over which it is expected to be recognized is 0.9 years. As of December 31, 2009, the additional paid-in capital balance related to the share-based compensation arrangements granted under the Plan amounted to US$13,796.

The fair value of the options has been estimated using a Black Scholes option pricing model. The fair value of each grant is estimated on the date of grant (or date of modification). In estimating the fair value, the Company used the following significant assumptions. Expected term of the options was determined based on analysis of historical behavior of stock option participants. Expected volatility of VimpelCom's shares was estimated based on the historical volatility of the shares on the New York Stock Exchange over the period equal to the expected life of the option granted and other factors. The dividend yield was included into the model based on last dividend payment. The risk free rate was determined using the rate on Russian Government Bonds, having a remaining term to maturity equal to the expected life of the options, approximated where applicable. Forfeiture rate was determined as an average for the historic experience for all grants.

In 2009, VimpelCom' Board adopted a SARs plan for senior managers and employees. The plan is administered by the Company's General Director and the Compensation Committee of the Board determines the aggregate number of SARs that may be granted. A SAR, upon vesting, entitles the holder to receive a cash amount per SAR equal to any excess of the NYSE closing price of an ADS on the exercise date over the price at which such SAR was granted. In 2009, the Board authorized the granting of 2,266,000 SARs.

On November 26, 2009, 2,050,760 of SARs were granted, 50% of which become vested on June 1, 2010 and 50% become vested on June 1, 2011 if the growth of KPIs exceeds certain parameters in 2009 as compared to 2008. If this condition is not met, 100% of SARs granted vest on June 1, 2011 if the growth of KPIs exceeds certain parameters in 2010 as compared to 2009. The plan is accounted for using a Black Scholes model with the assumptions that are used in calculation of the fair value of the stock option plan and is classified in liabilities in the balance sheet. As of December 31, 2009, an aggregate of 2,016,440 SARs were outstanding, none of which are currently redeemable or will become redeemable within 60 days of the financial statement date. As of December 31, 2009, the liability related to SARs amounted to US$2,484. The amount of expense included in the accompanying income statement in connection with SARs was US$2,484.

The following table summarizes the activity for the Plan and SARs:

	Number of options			Number of SARs
	2009	2008	2007	2009
Outstanding, beginning of year	572,297	459,825	372,261	–
Granted	90,750	223,000	279,500	2,050,760
Exercised	(97,171)	(62,970)	(177,436)	–
Modified	(181,500)	–	–	–
Forfeited	(54,326)	(47,558)	(14,500)	(34,320)
Outstanding, end of year	**330,050**	**572,297**	**459,825**	**2,016,440**
Exercisable, end of year	**274,366**	**264,516**	**92,825**	**–**

No stock options expired in the years ended December 31, 2009, 2008 or 2007.

The following table summarizes the weighted-average exercise prices of options and SARs for the year ended December 31, 2009. The grant-date fair-value for options in the table below was based on the assumptions used as of the modification date (December 24, 2008).

	Stock Options	SARs
The number of options/SARs outstanding, beginning of year	572,297	–
Weighted-average exercise price of options/SARs outstanding	436.9	–
Weighted-average grant-date fair value at the beginning of the year	25.9	–
The number of options/SARs granted	90,750	2,050,760
Weighted-average exercise price of options/SARs granted	326.5	13.1
Weighted-average grant-date fair value of options/SARs granted during the year	28.7	11.8
The number of options/SARs exercised	(97,171)	–
Weighted-average exercise price of options/SARs exercised	186.7	–
The total intrinsic value of options/SARs exercised (or share units converted)	240.6	–
The number of options/SARs forfeited/modified	(235,826)	(34,320)
Weighted-average exercise price of options/SARs forfeited	619.0	13.1
Weighted-average grant-date fair value of options/SARs forfeited during the year	16.4	11.8
The number of options/SARs outstanding, end of year	330,050	2,016,440
Weighted-average exercise price of options/SARs outstanding	350.1	13.1
Weighted-average grant-date fair value at the end of the year	27.2	11.8
Weighted-average remaining contractual life (years)	1.8	6.0
The aggregate intrinsic value of options/SARs outstanding	13,443	11,151
Out of the options/SARs outstanding at the end of the year		
The number of options/SARs exercisable	274,366	–
Weighted-average exercise price of options/SARs exercisable	354.9	–
Weighted-average remaining contractual life (years)	1.4	–
The aggregate intrinsic value of options/SARs exercisable	10,921	–
The number of options/SARs nonvested at the beginning of the year	307,781	–
Weighted-average grant-date fair value of options/SARs nonvested at the beginning of the year	18.2	–
The number of options/SARs vested during the year	119,232	–
Weighted-average grant-date fair value of options/SARs vested during the year	31.9	–
The number of options/SARs nonvested at the end of the year	55,684	2,016,440
Weighted-average grant-date fair value of options/SARs nonvested at the end of the year	13.4	11.8
The total fair value of shares vested during the year ended and as of December 31, 2009	3,416	–

The weighted-average grant-date fair value of options granted in 2008 and 2007 were US$160.1 and US$100.4, respectively.

The following table illustrates the major assumptions of the Black Scholes model for the options and SARs for the years ended December 31:

	2009	2008	2007
Expected volatility	92%-138%	91%-184%	38%-50%
The weighted-average expected term (in years)	1.8	0.8	1.7
Expected dividend yield	0%-2.2%	1.8%	1.5%
Risk free interest rate	7.0%-9.77%	7.6%-11.8%	5.4%-5.9%
Forfeiture rate	6.2%	5.4%	3.7%

In addition to the Plan and SARs, members of the Board who are not employees participate in a "phantom" stock plan, pursuant to which they each receive up to a maximum of 20,000 phantom ADSs per year with an additional

10,000 phantom ADSs granted to the chairman of the Board and 10,000 phantom ADSs granted to each director for serving as head of any official committee of the Board, provided that the amount paid to a director upon redemption may not exceed US$3.00 per phantom ADS per year of each one-year term served by the director. The number of phantom ADSs to be granted to each director is set by the Board. The phantom ADSs may be redeemed for cash on the date the director ceases to be a director; provided, however, that directors who are re-elected to the Board may redeem such phantom ADSs related to a previous period of his/her service as a director at any time from the date of his or her re-election to the date he or she is no longer a director. As of December 31, 2009, an aggregate of 1,490,000 phantom ADS were outstanding under phantom stock plan, of which 1,270,000 are currently redeemable or will become redeemable within 60 days of the financial statement date at prices per phantom ADS ranging from US$0.96 to US$31.63. As of December 31, 2009, the liability related to the phantoms amounted to US$4,195. The amount of expense included in the consolidated income statement in connection with phantom ADS granted to members of the Board was US$1,890 for the year ended December 31, 2009.

VimpelCom's senior managers are also eligible to receive phantom ADSs in an amount approved by the Compensation Committee of the Board. The Board determines the aggregate amount of phantom ADSs that may be granted to senior managers in each calendar year. In 2007, 2008 and 2009, the Board authorized the granting of 2,575,000, 800,000 and 820,000 phantom ADSs, respectively. As of December 31, 2009, an aggregate of 286,666 phantom ADSs were outstanding, of which 20,000 are currently redeemable or will become redeemable within 60 days of the financial statement date at a price per phantom ADS US$9.29. As of December 31, 2009, the liability related to the phantom ADSs amounted to US$2,337. The amount of expense included in the accompanying income statement in connection with phantom ADS granted to senior managers were US$2,480 expense, US$721 gain and US$33,975 expense for the years ended December 31, 2009, December 31, 2008 and December 31, 2007, respectively.

22. Segment Information

Management analyzes the reportable segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. The segment data for acquired operations are reflected herein from the date of their acquisitions. The Board and management utilize more than one measurement and multiple views of data to measure segment performance. However, the dominant measurements are consistent with VimpelCom's consolidated financial statements and, accordingly, are reported on the same basis herein. Management evaluates the performance of its segments on a regular basis primarily based on revenue, operating income before depreciation and amortization (**"OIBDA"**), operating income, income before income taxes and net income along with cash flows and overall economic returns. Intersegment revenues are eliminated in consolidation. Intersegment revenues may be accounted for at amounts different from sales to unaffiliated companies. The accounting policies of the segments are the same as those of VimpelCom.

Starting from April 21, 2010, the date of VimpelCom Ltd. establishment, VimpelCom's Board and management identified Russia mobile, Russia fixed, CIS mobile, CIS fixed, Ukraine mobile, Ukraine fixed and Asia mobile reporting segments based on the business activities in different geographical areas. Although Georgia is no longer a member of the CIS, consistent with VimpelCom's historic reporting practice VimpelCom continue to include Georgia in it's CIS reporting segment.

Starting from January 1, 2010, VimpelCom's Management Board changed the approach to intersegment revenues and expenses in a way that operating revenues and operating expenses of Russia mobile and Russia fixed line segments from each other and operating revenues and operating expenses of CIS mobile and CIS fixed line segments from each other are eliminated on the level of a segment, as well as certain expenses and revenues were allocated to allow revenues and expenses related to those revenues to produce financial result within one segment. Headquarter expenses were allocated to appropriate reportable segments. The comparative information was retrospectively adjusted in these reissued financial statements.

The separation of Ukraine mobile and Ukraine fixed line segments (consisting of the operations of VimpelCom's indirect Ukrainian subsidiaries Closed Joint Stock Company "Ukrainian Radio Systems" (**"URS"**) and "Golden Telecom" Limited Liability Company (**"GT LLC"**)), from CIS mobile and CIS fixed line segments, as well as Asia

mobile from "Other" item was made in the second quarter of 2010. Starting second quarter of 2010 VimpelCom also started to consider VimpelCom's equity in net results of operations of the Company's associates Morefront Holdings Ltd. and GTEL-Mobile as part of operations of Russia mobile and Asia mobile reporting segments, respectively, as well as VimpelCom's DVB-T and DVB-H activities were allocated to Russia fixed line and Russia mobile segments, respectively. These amounts were previously reported in the "All other" category. The comparative information for abovementioned changes was retrospectively adjusted in these reissued financial statements.

These segments have been determined based on the nature of their operations: mobile includes activities for the providing of wireless telecommunication services to the Company's subscribers; fixed line includes all activities for providing wireline telecommunication services, broadband and consumer Internet.

Financial information by reportable segment for the years ended December 31, 2009, 2008 and 2007 is presented in the following tables.

Year ended December 31, 2009:

	Russia Mobile	Russia Fixed line	CIS Mobile	CIS Fixed line	Ukraine Mobile	Ukraine Fixed line	Asia Mobile	Total
Net operating revenues from external customers	$6,165,879	$1,257,659	$ 991,330	$119,050	$104,547	$ 58,768	$ 5,669	$ 8,702,902
Intersegment revenues	4,238	20,041	21,652	23,861	5,710	34,032	–	109,534
Depreciation and amortization	1,019,744	246,451	267,587	68,389	63,519	23,307	5,170	1,694,167
Operating income	2,268,176	161,732	244,738	(2,353)	(49,917)	(747)	(43,274)	2,578,355
Interest income	102,843	11,829	8,153	3,086	193	149	48	126,301
Interest expense	(595,972)	(8,491)	(37,052)	(5,327)	(19,591)	(2,724)	(3,961)	(673,118)
(Loss)/gain from associates	(16,213)	3,854	–	330	–	–	(23,734)	(35,763)
Income/(loss) before income taxes	1,411,935	162,348	149,163	(3,982)	(90,593)	(5,563)	(70,947)	1,552,361
Income tax expense/ (benefit)	339,614	49,103	42,833	5,885	(3,732)	1,327	–	435,030
Net income/(loss) attributable to VimpelCom	1,073,791	117,844	95,751	(7,742)	(86,861)	(3,023)	(67,930)	1,121,830
Total assets	8,554,210	4,208,967	2,367,179	360,242	325,368	130,359	558,034	16,504,359
Non-current assets other than goodwill	4,524,636	1,435,404	1,294,226	312,743	295,274	89,527	529,830	8,481,640
Goodwill	728,558	1,880,088	667,429	8,218	–	–	–	3,284,293
Expenditures for long-lived assets	482,487	136,954	85,505	21,761	8,675	11,136	67,590	814,108

Year ended December 31, 2008:

	Russia Mobile	Russia Fixed line	CIS Mobile	CIS Fixed line	Ukraine Mobile	Ukraine Fixed line	Asia Mobile	Total
Net operating revenues from external customers	$7,357,941	$1,239,242	$1,109,262	$154,121	$ 185,416	$ 70,950	$ –	$10,116,932
Intersegment revenues	3,365	18,555	7,788	12,739	8,325	15,922	–	66,694
Impairment loss	22,466	330,200	–	–	90,081	–	–	442,747
Depreciation and amortization	1,204,872	219,458	281,945	73,635	86,360	14,891	3	1,881,164
Operating income	2,694,748	(262,162)	266,195	7,194	(171,024)	1,746	(747)	2,535,950
Interest income	99,506	15,217	3,306	920	84	27	–	119,060
Interest expense	(465,426)	(19,349)	(32,476)	(3,586)	(19,759)	(2,396)	(84)	(543,076)
(Loss)/gain from associates	(65,101)	2,176	–	109	–	–	1,796	(61,020)
Income/(loss) before income taxes	1,428,549	(341,778)	207,650	1,753	(390,685)	(15,220)	965	891,234
Income tax expense/ (benefit)	312,316	(1,879)	10,071	4,377	(11,511)	(9,440)	–	303,934
Net income/(loss) attributable to VimpelCom	1,120,644	(340,164)	131,085	(3,435)	(377,971)	(6,898)	1,073	524,334
Total assets	8,391,163	4,035,909	2,781,931	506,403	442,979	111,420	360,360	16,630,165
Non-current assets other than goodwill	5,299,976	1,586,178	1,673,105	441,213	392,090	93,534	355,608	9,841,704
Goodwill	749,978	1,935,455	781,382	10,127	–	–	–	3,476,942
Expenditures for long-lived assets	1,439,911	347,929	483,248	106,585	152,967	32,456	7,749	2,570,845

Year ended December 31, 2007:

	Russia Mobile	Russia Fixed line	CIS Mobile	CIS Fixed line	Ukraine Mobile	Ukraine Fixed line	Asia Mobile	Total
Net operating revenues from external customers	$6,090,235	$–	$ 832,049	$143,363	$105,451	$–	$–	$ 7,171,098
Intersegment revenues	3,353	–	4,171	–	6,159	–	–	13,683
Impairment loss	–	–	–	–	–	–	–	–
Depreciation and amortization	1,108,971	–	176,604	61,243	43,735	–	–	1,390,553
Operating income	1,991,832	–	241,820	15,765	(43,227)	–	–	2,206,190
Interest income	54,535	–	632	490	30	–	–	55,687
Interest expense	(168,942)	–	(28,903)	(1,415)	(18,245)	–	–	(217,505)
(Loss)/gain from associates	–	–	–	(211)	–	–	–	(211)
Income/(loss) before income taxes	1,937,087	–	232,430	13,555	(62,716)	–	–	2,120,356
Income tax expense/ (benefit)	514,818	–	79,454	2,753	(3,097)	–	–	593,928
Net income/(loss) attributable to VimpelCom	1,422,223	–	90,278	9,824	(59,619)	–	–	1,462,706
Total assets	7,912,696	–	1,968,602	473,278	600,156	–	–	10,954,732
Non-current assets other than goodwill	5,610,898	–	1,326,392	400,556	464,305	–	–	7,802,151
Goodwill	451,428	–	483,267	23,122	81,999	–	–	1,039,816
Expenditures for long-lived assets	1,072,522	–	477,583	66,176	156,537	–	–	1,772,818

A reconciliation of VimpelCom's total segment financial information to the corresponding consolidated amounts follows:

	Segment total	Intersegment Interest	Consolidated Totals
For the year ended December 31, 2009			
interest income	$ 126,301	$(74,587)	$ 51,714
interest expense	(673,118)	74,587	(598,531)
For the year ended December 31, 2008			
interest income	$ 119,060	$(47,442)	$ 71,618
interest expense	(543,076)	47,442	(495,634)
For the year ended December 31, 2007			
interest income	$ 55,687	$(22,666)	$ 33,021
interest expense	(217,505)	22,666	(194,839)

	December 31, 2009	December 31, 2008
Assets		
Total assets for reportable segments	$16,504,359	$16,630,165
Elimination of intercompany balances	(1,771,818)	(905,012)
Total consolidated assets	**$14,732,541**	**$15,725,153**

In Russia and Kazakhstan, VimpelCom's revenues from external customers amounted to US$7,423,538 and US$651,443 for the year ended December 31, 2009, respectively and long-lived assets amounted to US$5,314,965 and US$707,464 as of December 31, 2009, respectively.

23. Commitments, Contingencies and Uncertainties

The economies of the countries in which VimpelCom operates continue to display certain traits consistent with that of a market in transition. These characteristics have in the past included higher than normal historic inflation, lack of liquidity in the capital markets, and the existence of currency controls which cause the national currency to be illiquid outside of their territories. The imposition of exchange controls or other similar restrictions on currency convertibility in CIS countries and particularly in Uzbekistan could limit VimpelCom's ability to convert local currencies in a timely manner or at all, which could have a material adverse effect on VimpelCom' business,

financial condition and results of operations. The continued success and stability of the economies of these countries will be significantly impacted by their respective governments' continued actions with regard to supervisory, legal and economic reforms.

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in a decline in gross domestic product, capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia as well as ruble depreciation. While the Russian Government has introduced a range of stabilization measures aimed at providing liquidity and supporting debt refinancing for Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for Russian companies, which could affect VimpelCom's financial position, results of operations and business prospects. The crisis may also damage purchasing power of VimpelCom's customers mainly in the business sector and thus lead to decline in revenue streams and cash generation.

While management believes it is taking appropriate measures to support the sustainability of the VimpelCom's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Company's results and financial position in a manner not currently determinable.

In the ordinary course of business, VimpelCom may be party to various legal and tax proceedings, and subject to claims, certain of which relate to the developing markets and evolving fiscal and regulatory environments in which VimpelCom operates. In the opinion of management, VimpelCom's liability, if any, in all pending litigation, other legal proceeding or other matters, other than what is discussed in this Note, will not have a material effect upon the financial condition, results of operations or liquidity of VimpelCom.

VimpelCom's operations and financial position will continue to be affected by political developments in the countries in which VimpelCom operates including the application of existing and future legislation, telecom and tax regulations. These developments could have a significant impact on VimpelCom's ability to continue operations. VimpelCom does not believe that these contingencies, as related to its operations, are any more significant than those of similar enterprises in such countries.

Telecom Licenses Capital Commitments

VimpelCom's ability to generate revenues in Russia is dependent upon the operation of the wireless telecommunications networks authorized under its various licenses. VimpelCom's GSM-900/1800 licenses that cover Moscow and the Moscow region, Central region, Volga region, Caucasus region, and the Siberia region have been reissued and under the new terms expire on April 28, 2013. The GSM-900/1800 licenses that cover the Northwest region, Urals and part of Far East region expire in 2011 – 2012 (the GSM-900/1800 license for Irkutsk region, excluding Ust-Ordynskiy Buryatskiy Autonomous Region, expires in 2011).

In April 2007, VimpelCom was awarded a license for the provision of **"3G"** mobile radiotelephony communications services for the entire territory of the Russian Federation that expires on May 21, 2017. The 3G license was granted subject to certain capital commitments. The three major conditions are that VimpelCom will have to build a certain number of base stations that support 3G standards and will have to start services provision by certain dates in each subject area of the Russian Federation, and also will have to build a certain number of base stations by the end of the third, fourth and fifth years from the date of granting of the license. To date all of these conditions have been fulfilled according to the indicated terms and schedule.

KaR-Tel owns a GSM-900 license to operate over the entire territory of Kazakhstan. The license expires in August 2013. In July 2008, the GSM-900 license was amended with the permission for KaR-Tel to render services in GSM-1800 standard and with the related commitment to cover cities with population of more than 1000 people by December 31, 2012.

Closed Joint Stock Company "Ukrainian Radio Systems" (CJSC "URS") and "Golden Telecom" Limited Liability Company ("GT LLC"), VimpelCom's indirect Ukrainian subsidiaries own GSM licenses. CJSC "URS" owns a GSM-900 and 2 GSM-1800 licenses to operate over the entire territory of Ukraine, which expires in April 2010, October 2020 and December 2020 respectively. "GT LLC" owns 3 GSM-1800 licenses to operate over the nearly

entire territory of Ukraine (except 3 regions), which expires in July 2014 and May 2021, respectively. In April 2009, the National Commission on Regulation of Telecommunication of Ukraine has amended its regulation establishing so-called "license terms" applicable to all mobile telecommunication network operators licensed in Ukraine. Under the amendments, Ukrainian mobile telecommunication network operators are obliged to ensure radiofrequency coverage of 90% of cities within one year from the date of issue of respective mobile telecommunication services license, and 80% of all other settlements and major highways – within two years from the same date. In case respective license allows rendering mobile telecommunication services in several regions, each of these requirements shall be fulfilled in each region with an interval of not more than two months. These new capital commitments apply to CJSC "URS" and "GT LLC". The commitments should be fully complied with in all regions licensed for use of radiofrequency corresponding to GSM 900/1800 standard as follows: CJSC URS – by August, 2015 and GT LLC – by October 2014.

Taxation

The taxation systems in the countries in which VimpelCom operates are evolving as their respective national governments transform their national economies from a command to market oriented economies. In the Russian Federation, VimpelCom's predominant market, there were many tax laws and related regulations introduced in previous periods as well as in 2009 which were not always clearly written, and their interpretation is subject to the opinions of the local tax inspectors and officials of the Ministry of Finance. Instances of inconsistent opinions between local, regional and federal tax authorities and Ministry of Finance are not unusual. Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, VimpelCom has accrued tax liabilities based on management's best estimate.

On June 30, 2008, the Company received a final decision of the Russian tax inspectorate's audit of VimpelCom's tax filings for financial years 2005 and 2006. According to the final decision, VimpelCom owed an additional RUR1,251 million in taxes (including RUR49 million in fines and penalties), which is approximately US$41,363 (including US$1,620 in fines and penalties) at the exchange rate as of December 31, 2009. VimpelCom challenged the tax inspectorate's final decision and has so far prevailed in court with respect to RUR1,179 million of taxes (including RUR48 million in fines and penalties), which is approximately US$38,982 (including US$1,587 in fines and penalties) at the exchange rate as of December 31, 2009. The tax inspectorate cannot appeal the court decisions. The remaining part of the tax authorities' claims in the amount of RUR72 million (including RUR1 million in fines and penalties), which is approximately US$2,380 (including US$33 in fines and penalties) at the exchange rate as of December 31, 2009, are still being challenged in court.

On April 30, 2009, the Company's subsidiary – Sovintel – received a final decision of the Russian tax inspectorate's audit of its tax filings for financial years 2006 and 2007. According to the final decision, Sovintel owes an additional RUR324 million in taxes (including RUR36 million in fines and penalties), which is approximately US$10,712 (including US$1,190 in fines and penalties) at the exchange rate as of December 31, 2009. Sovintel disagrees with the tax inspectorate's decision and has filed a lawsuit in the Russian Arbitration courts. The court has already rejected the tax authorities' claims. The tax inspectorate do not agree with court decisions and continue to assert their claims in court. No amounts have been accrued in these financial statements in relation to this claim.

KaR-Tel

On January 10, 2005, KaR-Tel received an "order to pay" issued by The Savings Deposit Insurance Fund, a Turkish state agency responsible for collecting state claims arising from bank insolvencies (the **"Fund"**), in the amount of approximately US$4,991,744 at the exchange rate as of December 31, 2009 (stated as approximately Turkish lira 7.55 quadrillion and issued prior to the introduction of the New Turkish Lira, which became effective as of January 1, 2005). The order, dated as of October 7, 2004, was delivered to KaR-Tel by the Bostandykski Regional Court of Almaty. The order does not provide any information regarding the nature of, or basis for, the asserted debt, other than to state that it is a debt to the Turkish Treasury and the term for payment was May 6, 2004.

On January 17, 2005, KaR-Tel delivered to the Turkish consulate in Almaty a petition to the Turkish court objecting to the propriety of the order and requesting the Turkish court to cancel the order and stay of execution proceedings

in Turkey. The petition was assigned to the 4th Administrative Court in Turkey, and it should be reviewed pursuant to applicable law.

On June 1, 2006, KaR-Tel received formal notice of the 4th Administrative Court's ruling that the stay of execution request was denied. KaR-Tel's Turkish counsel has advised KaR-Tel that the stay request is being adjudicated separately from the petition to cancel the order. KaR-Tel submitted an appeal of the ruling with respect to the stay application.

On June 1, 2006, KaR-Tel also received the Fund's response to its petition to cancel the order. In its response, the Fund asserts, among other things, that the order to pay was issued in furtherance of its collection of approximately Turkish lira 7.55 quadrillion (prior to the introduction of the New Turkish Lira, which became effective as of January 1, 2005) in claims against the Uzan group of companies that were affiliated with the Uzan family in connection with the failure of T. Imar Bankasi, T.A.S. The Fund's response to KaR-Tel's petition claims that the Uzan group of companies includes KaR-Tel, Rumeli Telecom A.S. and Telsim Mobil Telekomunikasyon Hizmetleri A.S. Rumeli Telecom A.S. and Telsim Mobil Telekomunikasyon Hizmetleri A.S are Turkish companies that owned an aggregate 60% of the equity interests in KaR-Tel until their interests were redeemed by KaR-Tel in November 2003 in accordance with a decision of the Review Panel of the Supreme Court of Kazakhstan. In July 2006, KaR-Tel submitted its response, dated June 30, 2006, to the Fund's response via the Kazakh Ministry of Justice, to be forwarded to the 4th Administrative Court of Istanbul. In its response, KaR-Tel denied in material part the factual and legal assertions made by the Fund in support of the order to pay.

On December 11, 2008, KaR-Tel received a Decision of Territorial Court of Istanbul dated December 12, 2007, wherein the Court rejected KaR-Tel's appeal with respect to the stay of execution request. On December 11, 2008, KaR-Tel also received a response from the Fund to KaR-Tel's court filing in July 2006. The Turkish court presiding over the case may issue a decision on the basis of the parties' filings.

On October 20, 2009, KaR-Tel filed with Sisli 5th Court of the First Instance in Istanbul a claim to recognize in the Republic of Turkey the decision of the Almaty City Court of the Republic of Kazakhstan dated June 6, 2003 regarding, among other things, compulsory redemption of equity interests in KaR-Tel owned by Rumeli Telecom A.S. and Telsim Mobil Telekomunikasyon Hizmetleri A.S., which was confirmed by the Civil Panel of the Supreme Court of the Republic of Kazakhstan on June 23, 2003, as amended by the resolution of the Review Panel of the Supreme Court of the Republic of Kazakhstan dated October 30, 2003. On October 20, 2009, KaR-Tel also filed with the 4th Administrative Court of Istanbul a petition asking the Court to treat the recognition of the Kazakhstan court decision as a precedential issue and to stay the proceedings in relation to the order to pay.

KaR-Tel continues to believe that the Fund's claim is without merit, and KaR-Tel will take whatever further actions it deems necessary and appropriate to protect itself against the Fund's claim.

Other Litigations

On April 15, 2008, VimpelCom received a copy of a purported claim filed with the Arbitration Court of Khanty-Mansiisky Autonomous Okrug in Russia from Farimex Products, Inc., the purported holder of 25,000 of VimpelCom's ADSs. The named defendants under the claim are Eco Telecom Limited, Altimo, Avenue Limited, Janow Properties Limited, Santel Limited, Telenor East Invest AS (**"Telenor"**) and OJSC CT-Mobile. Both VimpelCom and several of its current and former directors, namely, Messrs. Mikhail Fridman, Arve Johansen, Alexey Reznikovich, Fridtjof Rusten and Henrik Torgersen, are named as third parties to the case. Under Russian law, a person named as a third party to a claim is generally a person potentially interested in the case who can participate in the proceedings if he so chooses. A third party is not a defendant in the claim and judgments cannot be entered against a person solely due to the fact that the person was named as a third party. The claimant is seeking reimbursement from the defendants to VimpelCom of US$3,798,000 in alleged damages caused to VimpelCom by the actions of the defendants with regard to its entrance into the Ukrainian telecommunications market. Among other things, the claimant alleged that Alfa and Telenor prevented VimpelCom from acquiring Kyivstar and that Telenor, acting through the directors on its board nominated by Telenor, caused a delay in VimpelCom's acquisition of URS, which caused damages to VimpelCom. The court rejected the claimant's motion to arrest the shares in VimpelCom owned by Eco Telecom and Telenor to secure the claim. On August 16, 2008, the court of first instance sustained the claim in part and held Telenor liable for US$2,824,000 of damages. Telenor appealed this decision and

on December 29, 2008 the Court of Appeals vacated the lower court's ruling and remanded it for a new hearing at a different court of first instance. On February 20, 2009, the court of first instance sustained the claim in part and found Telenor liable for US$1,728,000 in damages. Telenor is appealing this decision. Subsequent to the court ruling, a court bailiff arrested 15,300,000 of VimpelCom's ordinary shares owned by Telenor. The Company understands that these shares can, under certain circumstances, be sold by the court bailiff to satisfy the court judgment. The court bailiff may also transfer the shares to VimpelCom to the extent that they cannot be sold to satisfy the court judgment within a certain period of time. Telenor has applied for a stay of enforcement proceedings but the court denied the application. Telenor has publicly stated that it is appealing this decision. If a stay of enforcement is granted, it would freeze the sale of the arrested shares. On April 3, 2009, Telenor publicly disclosed that it had officially been served with a claim to pay US$1,728,000 to VimpelCom and that it had five days to pay the sum voluntarily. VimpelCom received a letter from Telenor, dated March 31, 2009, addressed to its former CEO, relating to the Farimex Case.

In the letter, Telenor alleges that in connection with the Farimex Case there have been gross violations of Telenor's procedural and substantive rights, and states, among other things, that they expect that VimpelCom would publicly denounce the Farimex Case and publicly state that it will have nothing to do with the case or any proceeds from the Farimex Case. Telenor also stated in the letter that if for any reason VimpelCom accepts, whether actively or through its own inaction, the payment of proceeds of enforcement of the Farimex Case, Telenor will not hesitate to pursue whatever remedies against VimpelCom (and, if appropriate, any of its management involved, personally) as may be available to Telenor in the United States and Europe, or before any transnational courts or agencies. On April 3, 2009, VimpelCom responded to Telenor's letter and stated, among other things, that if and when VimpelCom is faced with a decision respecting the outcome or implications of the Farimex Case, it, of course, will act in accordance with all applicable laws, rules and regulations and in the best interests of VimpelCom's shareholders and will protect its reputation and will defend VimpelCom and its officers and directors against actions taken against it or them. As of the date hereof, the Company is not aware of any pending legal action against it in connection with this matter.

In April 2009, for the purpose of control over VAT payments, the tax authorities requested that the Company provide the details of the Court decision as of March 2, 2009, concerning the reimbursement of losses from Telenor in favor of VimpelCom. Taking into consideration that the amount of the judgment is not related to the Company's ordinary business obligations for goods or services, management believes that the amount is not subject to tax.

On March 11, 2009, a cassational appeal was filed on behalf of Telenor. The cassational appeal was initially scheduled to be heard for May 26, 2009, but the hearing was postponed until March 24, 2010.

Telenor continues to seek relief in various Russian courts challenging the original decision on substantive and procedural grounds as well as the various steps taken by the bailiff to collect on the judgement. The Company is not actively participating in any of these proceedings.

At this stage, the Company does not know what, if any, further actions it will take or will be required to take regarding this matter and cannot predict what, if any, impact this matter may have on VimpelCom's strategic shareholders, named board members or the Company. No amounts have been accrued in these financial statements in relation to this claim.

Operating Lease Commitments

Operating lease commitments for each of the succeeding five years is expected to be as follows:

2010	$14,027
2011	12,499
2012	9,052
2013	7,292
2014	4,959
Thereafter	23,781
Total	**$71,610**

Other Commitments

On August 13, 2008, the Company entered into an agreement with Apple Sales International ("Apple") to purchase 1.5 million IPhone handsets under the quarterly purchase installments over a two year period beginning with commercial launch in the fourth quarter 2008. In 2009 and 2008, the Company made 0.5% and 12% of its total purchase installment contemplated by the agreement, respectively. In January and February 2010, the Company made 1.6% of its total purchase installment contemplated by the agreement with Apple.

24. Subsequent Events

The Company evaluated subsequent events up to March 18, 2010, the date VimpelCom's Financial Statements were initially issued.

On January 12, 2010, LLC VimpelCom-Invest, a consolidated Russian subsidiary of VimpelCom, determined the interest rate for the fourth and subsequent payment periods at 9.25% per annum related to its Russian ruble-denominated bonds in an aggregate principal amount of RUR10,000 million (US$427,749 at exchange rate as of July 25, 2008) issued on July 25, 2008. Bonds holders had the right to sell their bonds to VimpelCom-Invest until January 22, 2010 in accordance with the original terms of the bonds. On January 26, 2010, VimpelCom-Invest repurchased an aggregate principal amount of RUR6,059 million (or approximately US$201,345 at the exchange rate as of January 26, 2010) from bond holders who exercised their right to sell the bonds. As of February 24, 2010, VimpelCom-Invest sold back in the market all repurchased bonds.

On January 18, 2010, CJSC "URS" has renewed its GSM-900 mobile telecom license. The term of duration of the new license is until July 25, 2021, instead of April 28, 2010 expiration date of the previous GSM-900 license.

On March 12, 2010, VimpelCom signed a series of Amendments to the Loan Agreements with Sberbank. Starting from February 1, 2010 Sberbank decreased the interest rate on loan facility signed on March 10, 2009, from 16.25% to 10.75% per annum and the maximum interest rate from 17.25% to 11.0% and decreased the interest rate on loan facility signed on March 10, 2009, from 11.0% to 8.0% per annum and the maximum interest rate from 12.0% to 8.25%.

On March 12, 2010, VimpelCom signed a Termination Agreements to the Pledge Agreements signed with Sberbank on May 25, 2009 to release the telecommunication equipment from pledge.

In accordance with an Amendment Agreement to the Loan Agreement signed on August 28, 2009, Sberbank decreased the interest rate on this loan facility from 15.0% to 11.00% per annum and the maximum interest rate from 15.25% to 11.25%, starting from February 1, 2010.

In accordance with an Amendment Agreement to the Loan Agreement signed on February 14, 2008, Sberbank decreased the interest rate on this loan facility from 13.0% to 11.00% per annum and the maximum interest rate from 14.5% to 11.25%, starting from February 1, 2010.

The Federal Anti-Monopoly Service of Russia ("FAS") started legal proceedings against VimpelCom, OJSC "MTS" and OJSC "Megafon" about their alleged violation of anti-monopoly legislation by charging artificially high prices for roaming services. The Company received the related Order of FAS in March 2010. The Company does not possess information related to the date that this case will be considered by FAS. VimpelCom does not believe that it is in violation of the anti-monopoly legislation but if its roaming tariffs are found to violate applicable legislation, the Company could face certain fines of up to 15% of the revenue from the services provided in violation of the legislation. At this stage, the Company is unable to evaluate the outcome of this case and no amounts have been accrued in these financial statements in relation to this claim.

25. Subsequent Events (reissued)

The Company additionally evaluated subsequent events up to January 21, 2011, the date VimpelCom's Financial Statements reissued to reflect the changes in segments discussed in Note 22 were available for issuance.

VimpelCom Ltd.

On April 21, 2010, VimpelCom Ltd. successfully completed an exchange offer (**"Exchange Offer"**) for VimpelCom shares (including shares represented by ADSs), and acquired approximately 98% of VimpelCom's outstanding shares (including shares represented by ADSs). Therefore, effective April 21, 2010, VimpelCom is a subsidiary of VimpelCom Ltd.

On May 25, 2010, VimpelCom Ltd. served a squeeze-out demand notice to VimpelCom demanding that the remaining shareholders of VimpelCom sell their shares to VimpelCom Ltd. The squeeze-out purchase price established by Vimpelcom Ltd. in the squeeze-out demand notice represents 11,800 RUR per share of common stock and was determined by an independent Russian appraiser. The squeeze-out process was completed on August 6, 2010, VimpelCom Ltd. became the sole shareholder of VimpelCom.

On May 14, 2010, OJSC VimpelCom ADS were delisted from the NYSE. On June 2, 2010, OJSC VimpelCom shares were delisted from RTS (the Russian Trading Systems).

Dividends

On November 13, 2010, the Board decided to recommend to the shareholders to pay in cash dividends to holders of common registered shares based on operating results for the nine months ended September 30, 2010 in the amount of 394.00 rubles (the equivalent to US$12.8 as of November 13, 2010) per common share (for a total of RUR 20,204.7 million (the equivalent to US$656,589 as of November 13, 2010) for all common registered shares in the aggregate) within 60 days from the date this decision is approved; and (ii) to pay in cash dividends to holders of preferred registered shares of type "A" based on operating results for the nine months ended September 30, 2010 in the amount of 0.075 kopeck (the equivalent to US$0.002 as of November 13, 2010) per preferred share within 60 days from the date of the adoption of this decision. In accordance with Russian tax legislation, VimpelCom is required to withhold a tax of 5% on dividend payments. The approval of the shareholders owning more than 50% of the voting shares represented at the Extraordinary General Meeting of Shareholders of the Company ("**EGSM**") is required for the payment of dividends by the Company. VimpelCom's parent company, VimpelCom Ltd., directly and indirectly owns 100.0% of its outstanding share capital. VimpelCom Ltd. simultaneously announced that its supervisory board has declared a dividend of US$0.46 per common share to its shareholders. On December 7, 2010, the EGSM was held, and the requisite shareholder approval was obtained for the payment of an interim dividend in the amount recommended by Board.

THE BORROWER

Open Joint Stock Company "Vimpel-Communications"
10 Ulitsa 8-Marta, Building 14
127083 Moscow
Russian Federation

THE ISSUER

VIP Finance Ireland Limited
5 Harbourmaster Place, IFSC
Dublin 1
Ireland

TRUSTEE

BNY Corporate Trustee Services Limited
One Canada Square
London E14 5AL
England

PRINCIPAL PAYING AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
England

REGISTRAR, TRANSFER AGENT AND PAYING AGENT

The Bank of New York Mellon (Luxembourg) S.A.
Vertigo Building — Polaris
2-4 rue Eugine Ruppert
2453 Luxembourg

PAYING AGENT AND TRANSFER AGENT

The Bank of New York Mellon, New York Branch
101 Barclay Street
New York, NY 10286
United States

LEGAL ADVISORS

To the Borrower as to Russian law:
Akin Gump Strauss Hauer & Feld LLP
Ducat Place II
7 Ulitsa Gasheka
123056 Moscow
Russian Federation

To the Borrower as to English and U.S. law:
Akin Gump LLP
Eighth Floor
Ten Bishops Square
London E1 6EG
England

To the Lead Managers as to Russian law:
Skadden, Arps, Slate, Meagher & Flom LLP
Ducat Place III
6 Gasheka Street, 11th Floor
125047 Moscow
Russian Federation

To the Lead Managers as to English and U.S. law:
Skadden, Arps, Slate, Meagher & Flom (UK) LLP
40 Bank Street
Canary Wharf
London E14 5DS
England

To the Issuer as to Irish law:
Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

TAX ADVISORS

To the Borrower as to Russian tax:
PricewaterhouseCoopers Russia B.V.
White Square Office Center
Butyrsky Val 10
125047 Moscow
Russian Federation

To the Issuer as to Irish tax:
Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

AUDITORS TO THE BORROWER

Ernst & Young LLC
Sadovnicheskaya Naberezhnaya 77
Building 1
115035 Moscow
Russian Federation

LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

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