

OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS

Form 6-K

March 18, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 6-K**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16**

**under the Securities Exchange Act of 1934**

**For the month of March 2010**

**Commission File Number 1-14522**

**Open Joint Stock Company Vimpel-Communications**

**(Translation of registrant's name into English)**

**10 Ulitsa 8-Marta, Building 14, Moscow, Russian Federation 127083**

**(Address of principal executive offices)**

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

Form 20-F  Form 40-F

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

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

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

**SIGNATURES**

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

OPEN JOINT STOCK COMPANY  
VIMPEL-COMMUNICATIONS  
(Registrant)

Date: March 18, 2010

By: /s/ ALEXANDER Y. TORBAKHOV  
Name: **Alexander Y. Torbakhov**  
Title: **General Director**

The financial and operating information relating to Open Joint Stock Company Vimpel-Communications in Exhibit 99.1 was provided to VimpelCom Ltd. for inclusion in Amendment No. 3 to the Registration Statement on Form F-4 and related preliminary prospectus filed by VimpelCom Ltd. on or about March 18, 2010.

Certain amounts and percentages that appear in this Report of Foreign Private Issuer on Form 6-K 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.

**Exhibit List**

- 99.1 Financial and operating information and audited consolidated financial statements as of December 31, 2008 and 2009 and for the years ended December 31, 2007, 2008 and 2009.
- 99.2 Consent of Ernst & Young LLC.

**Selected Operating Data**

The following selected operating data of Open Joint Stock Company Vimpel-Communications ( OJSC VimpelCom ) as of December 31, 2005, 2006, 2007, 2008 and 2009, has been derived from OJSC VimpelCom's internal company sources. The selected operating data, set forth below, should be read in conjunction with OJSC VimpelCom's consolidated financial statements as of December 31, 2008 and 2009, and for the years ended December 31, 2007, 2008 and 2009 (the OJSC VimpelCom Financial Statements ) and their related notes, OJSC VimpelCom's Annual Report on Form 20-F/A (Amendment No. 2) for the financial year ended December 31, 2008, filed with the SEC on March 18, 2010 (the OJSC VimpelCom 2008 Annual Report ) and the information below under *Management's Discussion and Analysis of Financial Condition and Results of Operations*. OJSC VimpelCom's subscriber data, monthly average revenue per mobile subscriber ( ARPU ) and monthly average minutes of use per mobile subscriber ( MOU ) as of December 31, 2005, 2006, 2007, 2008 and 2009, and churn figures as of December 31, 2008 and 2009, in the table below, are reported on the basis of active subscribers.

	2005	2006	At December 31, 2007	2008	2009
<b>Selected OJSC VimpelCom operating data:</b>					
End of period mobile subscribers:					
Russia	35,936,356	39,782,690	42,221,252	47,676,844	50,886,127
Kazakhstan	1,813,938	3,052,878	4,603,300	6,269,927	6,135,275
Ukraine	249,189	1,523,682	1,941,251	2,052,493	2,004,729
Tajikistan		72,028	339,393	624,624	743,140
Uzbekistan		700,470	2,119,612	3,636,243	3,514,516
Armenia		415,965	442,484	544,271	545,201
Georgia			72,655	225,055	399,161
Cambodia					367,474
<b>Total mobile subscribers</b>	<b>37,999,483</b>	<b>45,547,713</b>	<b>51,739,947</b>	<b>61,029,457</b>	<b>64,595,623</b>

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	At December 31,				
	2005	2006	2007	2008	2009
<b>MOU (1)</b>					
Russia	120.4	145.9	192.1	219.1	211.4
Kazakhstan	55.3	70.4	94.6	104.3	93.1
Ukraine	36.2	149.7	163.2	231.8	208.7
Tajikistan		121.1	220.6	238.9	172.9
Uzbekistan		320.5	274.0	287.8	314.0
Armenia		178.0	169.9	152.1	237.8
Georgia			102.5	113.6	138.3
Cambodia					78.2
<b>ARPU</b>					
Russia	US\$ 8.5	US\$ 9.6	US\$ 12.6	US\$ 13.9	US\$ 10.1
Kazakhstan	US\$ 11.3	US\$ 12.6	US\$ 13.1	US\$ 11.7	US\$ 8.1
Ukraine	US\$ 4.3	US\$ 5.0	US\$ 4.7	US\$ 7.6	US\$ 4.7
Tajikistan		US\$ 6.8	US\$ 9.7	US\$ 9.5	US\$ 7.1
Uzbekistan		US\$ 11.9	US\$ 7.1	US\$ 6.4	US\$ 4.7
Armenia		US\$ 17.0	US\$ 16.7	US\$ 14.6	US\$ 13.2
Georgia			US\$ 7.4	US\$ 9.0	US\$ 8.9
Cambodia					US\$ 1.4
<b>Churn rate (2)</b>					
Russia	30.4%	35.4%	32.9%	34.6%	42.8%
Kazakhstan	30.3%	32.8%	23.5%	31.5%	46.3%
Ukraine		18.6%	61.8%	84.0%	81.0%
Tajikistan		95.1%	4.6%	42.8%	52.9%
Uzbekistan		44.9%	61.7%	55.6%	63.7%
Armenia		9.1%	49.7%	106.2%	58.6%
Georgia			1.0%	47.2%	46.6%
Cambodia					n/a
<b>Number of GSM base stations: (3)</b>					
Russia	15,659	19,241	22,088	26,633	28,718
Kazakhstan	1,126	1,791	2,291	3,119	3,191
Ukraine	596	1,653	2,294	3,015	3,039
Tajikistan	6	107	326	494	523
Uzbekistan		626	928	1,573	1,625
Armenia		205	379	503	518
Georgia			215	514	609
Cambodia					552
<b>End of period broadband subscribers: (4)</b>					
Russia				1,181,916	2,110,881
Ukraine				24,147	109,345
Kazakhstan				154	1,342
Uzbekistan				5,776	9,029
Armenia				9,234	26,196
<b>Total broadband subscribers</b>				<b>1,206,063</b>	<b>2,256,793</b>

- (1) Monthly 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 subscribers during the period and dividing by the number of months in that period.
- (2) Churn rate for 2008 and 2009 is based on active subscribers, while churn for previous years was reported on the basis of registered subscribers. OJSC VimpelCom defines its 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 its 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 OJSC VimpelCom's churn rate even though it does not lose those subscribers. For previous periods, OJSC VimpelCom defined its churn rate of registered subscribers as the total number of registered subscribers disconnected from its network within a given period expressed as a percentage of the midpoint of registered subscribers in its 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: (i) an account had been blocked after the balance drops to US\$0 or below for up to six months or (ii) 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 OJSC VimpelCom's churn rate even though it did not lose those subscribers. Similarly, prepaid subscribers who changed tariff plans by purchasing a new SIM card with OJSC VimpelCom were also counted as churn. Policies regarding the calculation of churn differ among operators, including Kyivstar.
- (3) Including 3G base stations.
- (4) 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 FTTB, xDSL and WiFi technologies, as well as mobile home internet service via USB modems.

**Selected Historical Consolidated Financial Data of OJSC VimpelCom**

The following selected financial data present OJSC VimpelCom's historical consolidated financial information as of December 31, 2005, 2006, 2007, 2008 and 2009, and for the years then ended, which are derived from the OJSC VimpelCom Financial Statements and their related notes and other OJSC VimpelCom audited consolidated financial statements and related notes. The selected financial data set forth below should be read in conjunction with the OJSC VimpelCom 2008 Annual Report, the OJSC VimpelCom Financial Statements and their related notes and the information included below under *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

	Years Ended December 31,				
	2005	2006	2007	2008	2009
(US\$ in millions, except per share and per ADS amounts)					
<b>Operating revenues:</b>					
Service revenues	3,175.2	4,847.7	7,161.8	9,999.9	8,580.8
Sales of equipment and accessories	30.5	19.3	6.5	107.9	110.0
Other revenues	5.4	2.9	6.5	17.2	19.8
<b>Total operating revenues</b>	<b>3,211.1</b>	<b>4,869.9</b>	<b>7,174.9</b>	<b>10,125.0</b>	<b>8,710.6</b>
Revenue based taxes		(1.9)	(3.8)	(8.1)	(7.7)
<b>Net operating revenues</b>	<b>3,211.1</b>	<b>4,868.0</b>	<b>7,171.1</b>	<b>10,116.9</b>	<b>8,702.9</b>
<b>Operating expenses:</b>					
Service costs	514.1	872.4	1,309.3	2,262.6	1,878.4
Cost of equipment and accessories	28.3	18.3	5.8	101.3	110.7
Selling, general and administrative expenses	1,085.8	1,503.6	2,206.3	2,838.5	2,390.0
Depreciation	451.2	874.6	1,171.8	1,520.2	1,393.4
Amortization	142.1	179.8	218.7	361.0	300.7
Impairment loss				442.7	
Provision for doubtful accounts	11.6	21.8	52.9	54.7	51.3
<b>Total operating expenses</b>	<b>2,233.1</b>	<b>3,470.7</b>	<b>4,964.9</b>	<b>7,581.0</b>	<b>6,124.5</b>
<b>Operating income</b>	<b>978.0</b>	<b>1,397.3</b>	<b>2,206.2</b>	<b>2,536.0</b>	<b>2,578.4</b>
<b>Other income and expenses:</b>					
Interest income	8.7	15.5	33.0	71.6	51.7
Net foreign exchange (loss) gain	7.0	24.6	73.0	(1,142.3)	(411.3)
Interest expense	(147.4)	(186.4)	(194.8)	(495.6)	(598.5)
Other (expenses) income, net	(5.9)	(38.8)	3.2	(17.4)	(32.2)
Equity in net loss of associates			(0.2)	(61.0)	(35.8)
<b>Total other income and expenses</b>	<b>(137.6)</b>	<b>(185.2)</b>	<b>(85.8)</b>	<b>(1,644.7)</b>	<b>(1,026.1)</b>



	Years Ended December 31,				
	2005	2006	2007	2008	2009
	(US\$ in millions, except per share and per ADS amounts)				
<b>Income before income taxes and cumulative effect of change in accounting principle</b>	840.4	1,212.1	2,120.4	891.2	1,552.3
Income tax expense	221.9	390.7	593.9	303.9	435.0
Income before cumulative effect of change in accounting principle	618.5	821.4	1,526.5	587.3	1,117.3
Cumulative effect of change in accounting principle		(1.8)			
<b>Net income</b>	618.5	819.6	1,526.5	587.3	1,117.3
Net income (loss) attributable to the noncontrolling interest	3.4	8.1	63.7	63.0	(4.5)
<b>Net income attributable to OJSC VimpelCom</b>	615.1	811.5	1,426.7	524.3	1,121.8
Weighted average common shares outstanding (millions)	51.1	50.9	50.8	50.7	50.6
Net income attributable to OJSC VimpelCom per common share	12.05	15.94	28.78	10.32	21.71
Net income attributable to OJSC VimpelCom per ADS equivalent <sup>(1)</sup>	0.60	0.80	1.44	0.52	1.09
Weighted average diluted shares (millions)	51.1	50.9	50.8	50.7	50.7
Diluted net income attributable to OJSC VimpelCom per common share <sup>(2)</sup>	12.04	15.93	28.78	10.32	21.69
Diluted net income attributable to OJSC VimpelCom per ADS equivalent <sup>(2)</sup>	0.60	0.79	1.44	0.52	1.08
Dividends per share			6.47	11.46	6.30
Dividends per ADS equivalent			0.32	0.57	0.31

(1) Each OJSC VimpelCom ADS is equivalent to one-twentieth of one share of OJSC VimpelCom common stock. On November 22, 2004, OJSC VimpelCom changed the ratio of its ADSs traded on the NYSE from four OJSC VimpelCom ADSs for three OJSC VimpelCom common shares to four OJSC VimpelCom ADSs for one OJSC VimpelCom common share. OJSC VimpelCom ADS holders of record as at the close of business on November 19, 2004 received two additional OJSC VimpelCom ADSs for every OJSC VimpelCom ADS held. On August 8, 2007, OJSC VimpelCom changed the ratio of its ADSs traded on the NYSE from four OJSC VimpelCom ADSs for one OJSC VimpelCom common share to twenty OJSC VimpelCom ADSs for one OJSC VimpelCom common share. OJSC VimpelCom ADS holders of record as at the close of business on August 17, 2007 received four additional OJSC VimpelCom ADSs for every OJSC VimpelCom ADS held. All share information presented herein reflects the changes in the ratio. There were no changes to the underlying OJSC VimpelCom common shares.

(2) Diluted income before cumulative effect of change in accounting principle and diluted net income per OJSC VimpelCom common share and per OJSC VimpelCom ADS equivalent includes dilution for employee stock options for the periods indicated.

	As of December 31,				
	2005	2006	2007	2008	2009
	(US\$ in millions)				
<b>Consolidated balance sheet data:</b>					
Cash and cash equivalents	363.6	344.5	1,003.7	914.7	1,446.9
Working capital (deficit) <sup>(1)</sup>	(457.9)	(487.4)	(272.8)	(1,407.8)	(447.7)
Property and equipment, net	3,211.1	4,615.7	5,497.8	6,425.9	5,561.6
Telecommunications licenses, goodwill and other intangible assets, net	1,500.8	1,957.9	2,217.5	5,124.6	4,527.3
Total assets	6,307.0	8,436.5	10,568.9	15,725.2	14,732.5
Total debt, including current portion <sup>(2)</sup>	1,998.2	2,489.4	2,766.6	8,442.9	7,353.0
Total liabilities	3,377.9	4,235.8	4,868.7	11,115.3	9,715.4
Redeemable noncontrolling interest				469.6	508.7
Total equity	2,929.2	4,200.8	5,700.2	4,140.2	4,508.5

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

(2) Includes bank loans, Russian rouble-denominated bonds, equipment financing and capital lease obligations for all periods presented. Subsequent to December 31, 2009, there have been a number of additional changes in certain of OJSC VimpelCom's outstanding indebtedness. For information regarding these changes, see Management's Discussion and Analysis of Financial Condition and Results of Operations prepared by OJSC VimpelCom's management and included below under *Liquidity and Capital Resources - Financing Activities*.

## Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis should be read in conjunction with the OJSC VimpelCom Financial Statements and their related notes. This discussion contains forward looking statements that involve risks and uncertainties. OJSC VimpelCom's actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including the risks discussed in Item 3 (Key Information - D. Risk Factors) in the OJSC VimpelCom 2008 Annual Report.*

### Overview

OJSC VimpelCom is a telecommunications operator, providing voice and data services through a range of mobile, fixed and broadband technologies. The OJSC VimpelCom group of companies includes companies operating in Russia, Kazakhstan, Ukraine, Uzbekistan, Armenia, Tajikistan, Georgia and Cambodia. OJSC VimpelCom also owns 40.0% of an operator in Vietnam. The operations of these companies cover a territory with a total population of approximately 340.0 million.

OJSC VimpelCom's 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. OJSC VimpelCom's operating income was US\$2,578.4 million for the year ended December 31, 2009, compared to US\$2,536.0 million for year ended December 31, 2008. Net income attributable to OJSC 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.

OJSC VimpelCom's selected financial data, the OJSC VimpelCom Financial Statements and the following discussion and analysis reflect the contribution of the operators OJSC VimpelCom acquired from their respective dates of acquisition, and, as a result, include results for its consolidated subsidiaries Corporation Severnaya Korona since August 13, 2007, Golden Telecom since February 28, 2008, and Sotelco, its subsidiary in Cambodia, since July 16, 2008, as well as other income and expenses for its equity-method associate in Vietnam, GTEL-Mobile, since July 8, 2008, and its equity-method associate Morefront Holdings Ltd., which owns 100% of Euroset, since October 23, 2008. For more information, see *Liquidity and Capital Resources - Investing Activities* below.

OJSC VimpelCom uses the U.S. dollar as its reporting currency. The functional currency of OJSC VimpelCom and its subsidiaries is the Russian rouble 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 and the U.S. dollar in Tajikistan, Uzbekistan and Cambodia. Due to the significant devaluation of the non-U.S. dollar functional currencies against the U.S. dollar for the year ended December 31, 2009 as compared to the year ended December 31, 2008, changes in OJSC VimpelCom's consolidated operating results in functional currencies differed from changes in its operating results in reporting currencies during these periods. In the following discussion and analysis, OJSC VimpelCom has indicated its operating results in functional currencies and the devaluation of functional currencies where it is material to explaining its operating results. For more information about exchange rates relating to OJSC VimpelCom's functional currencies, see *Certain Factors Affecting OJSC VimpelCom's Financial Position and Results of Operations - Foreign Currency Translation* below.

This discussion and analysis does not take into account the potential impact of the successful completion of the Transactions on OJSC VimpelCom's operating and financials results and trends.

### Reportable Segments

OJSC VimpelCom presents its 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. Before OJSC VimpelCom's acquisition of Golden Telecom in 2008, it reflected its reportable segments on a geographic basis. Starting from the date of acquisition of Golden Telecom, OJSC

VimpelCom identified five reporting segments: Russia mobile, Russia fixed, CIS mobile, CIS fixed and Other business segments. 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, Ukraine, Tajikistan, Uzbekistan, Georgia and Armenia. Although Georgia is no longer a member of the CIS, consistent with OJSC VimpelCom's historic reporting practice, it continues to include Georgia in its CIS mobile reporting segment. CIS fixed includes fixed-line operations and residential Internet in Kazakhstan, Ukraine, Armenia and Uzbekistan. Activities of the Other reportable segment include business operations that are not yet significant enough to reflect as separate reporting segments, including OJSC VimpelCom's mobile operations in Cambodia and mobile digital television services in Moscow, and equity interests in operations of associates, including GTEL-Mobile and Morefront Holdings Ltd. For more information on OJSC VimpelCom's reportable segments, please see Note 23 to the OJSC VimpelCom Financial Statements included elsewhere in this Report of Foreign Private Issuer on Form 6-K.

Because OJSC VimpelCom's operations in the fixed-line business were not significant prior to its acquisition of Golden Telecom in 2008, this discussion and analysis does not include information for its Russia fixed segment in 2007.

The following table shows the percentage of OJSC VimpelCom's net operating revenue represented by the net operating revenue from external customers (excluding intersegment revenues) for each reportable segment for the periods indicated:

	Year Ended December 31,		
	2007	2008 <sup>(1)</sup> (in %)	2009
Russia mobile	84.9	72.3	70.1
Russia fixed		12.7	15.2
CIS mobile	13.1	12.8	12.6
CIS fixed	2.0	2.2	2.0
Other			0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>(1)</sup> Includes results of Golden Telecom's fixed-line business from March 1, 2008. Prior to such acquisition, OJSC VimpelCom did not have any material fixed-line business in Russia.

#### ***Recent Developments***

On March 18, 2010, OJSC VimpelCom filed its Annual Report on Form 20-F/A (Amendment No. 2) to amend its Annual Report on Form 20-F/A (Amendment No. 1) for the fiscal year ended December 31, 2008, as filed with the SEC on March 8, 2010. These filings were made to restate OJSC VimpelCom's audited consolidated financial statements as of December 31, 2008 and for the year then ended, and to amend related disclosure. On March 8, 2010, OJSC VimpelCom also furnished to the SEC an Amended Report of Foreign Private Issuer on Form 6-K/A to amend its Report of Foreign Private Issuer on Form 6-K furnished to the SEC on February 8, 2010. This Form 6-K/A was made to restate its unaudited condensed consolidated financial statements as of September 30, 2009 and for the nine-month periods ended September 30, 2009 and September 30, 2008, and to amend related disclosure. The restatements corrected OJSC VimpelCom's application of EITF Topic D-98, *Classification and Measurement of Redeemable Securities* (Codified as ASC 480-10 *Distinguishing Liabilities from Equity*), in accounting for OJSC VimpelCom's contractual redemption arrangements with Crowell Investments Limited relating to the 25.0% noncontrolling interest it holds in OJSC VimpelCom's subsidiary Limnotex Developments Limited. For more information about OJSC VimpelCom's restatement of its audited consolidated financial statements as of December 31, 2008 and for the year then ended, see the Explanatory Note to the OJSC VimpelCom 2008 Annual Report and Note 23, Restatement of the Measurement of Noncontrolling Interest, and Note 18, Earnings per share, to OJSC VimpelCom's audited consolidated financial statements included in the OJSC VimpelCom 2008 Annual Report. For more information about OJSC VimpelCom's

restatement of its unaudited condensed consolidated financial statements as of September 30, 2009 and for the nine-month periods ended September 30, 2009 and September 30, 2008, see the Explanatory Note to the March 8 Form 6-K/A and Note 12, Restatement of the Measurement of Noncontrolling Interest, and Note 8, Earnings per share, to OJSC VimpelCom's unaudited condensed consolidated financial statements included in the March 8 Form 6-K/A.

### ***Revenue Trends***

The mobile markets in Russia, Ukraine and Kazakhstan have reached mobile penetration rates exceeding 100.0% in each market, and the mobile markets in each of Armenia and Georgia have mobile penetration rates of approximately 90.0%. As a result, OJSC VimpelCom will focus less on subscriber market share growth and more on revenue market share growth in each of these markets. The key components of OJSC VimpelCom's growth strategy in these markets will be to increase its share of the high value subscriber market, increase usage of value added services and improve subscriber loyalty. OJSC VimpelCom's management expects revenue growth in these markets to come primarily from an increase in usage of voice and data traffic among its subscribers.

The remaining mobile markets in which OJSC VimpelCom operates, particularly Uzbekistan, Tajikistan and Cambodia, are still in a phase of rapid subscriber growth with penetration rates substantially lower than in Russia, Ukraine and Kazakhstan. In these markets, OJSC VimpelCom's 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.

OJSC VimpelCom's management expects revenue growth in its fixed-line business in both Russia and the CIS to come primarily from broadband and business and corporate services.

### ***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 OJSC VimpelCom's mobile subscribers that are not included in its financial statements. OJSC VimpelCom provides this operating data because it is regularly reviewed by its management and its management believes it is useful in evaluating OJSC VimpelCom's performance from period to period as set out below. As the Russia and CIS mobile segments represent such a large portion of OJSC VimpelCom's consolidated net operating revenues and as broadband growth is an important aspect of OJSC VimpelCom's growth strategy, its 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 OJSC VimpelCom's mobile and broadband products and services, and that presenting OJSC VimpelCom's mobile churn rate is useful in assessing its ability to retain mobile subscribers.

### ***Mobile Subscriber Data***

OJSC VimpelCom offers both contract and prepaid services to mobile subscribers. As of December 31, 2009, the number of mobile subscribers reached 64.6 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, Multimedia Messaging Service ( MMS ), data transmission and receipt sessions, but does not include incoming SMS and MMS sent by OJSC VimpelCom or abandoned calls. OJSC VimpelCom's total number of mobile subscribers also includes subscribers using mobile Internet service via USB modems.

The following table indicates OJSC VimpelCom's mobile subscriber figures, as well as its prepaid mobile subscribers as a percentage of its total mobile subscriber base, for the periods indicated:

	As of December 31,		
	2007	2008	2009
Russia	42,221,252	47,676,844	50,886,127
Kazakhstan	4,663,300	6,269,927	6,135,275
Ukraine	1,941,251	2,052,493	2,004,729
Tajikistan	339,393	624,624	743,140
Uzbekistan	2,119,612	3,636,243	3,514,516
Armenia	442,484	544,271	545,201
Georgia	72,655	225,055	399,161
Cambodia			367,474
<b>Total number of subscribers</b>	<b>51,739,947</b>	<b>61,029,457</b>	<b>64,595,623</b>

Percentage of prepaid subscribers 95.9% 95.9% 96.0%

*Russia.* As of December 31, 2009, OJSC VimpelCom had approximately 50.9 million mobile subscribers in Russia, representing an increase of 6.7% over approximately 47.7 million mobile subscribers as of December 31, 2008. Most of OJSC VimpelCom's subscriber growth in Russia came from the regions outside the Moscow license area, where its subscriber base increased to 40.1 million as of December 31, 2009, from 38.1 million as of December 31, 2008. At the same time, OJSC VimpelCom's Moscow subscriber base grew from 9.6 million as of December 31, 2008, to 10.8 million as of December 31, 2009.

*Kazakhstan.* As of December 31, 2009, OJSC VimpelCom had approximately 6.1 million mobile subscribers in Kazakhstan, representing a decrease of 2.2% from approximately 6.3 million mobile subscribers as of December 31, 2008. The decrease in OJSC VimpelCom's subscriber base in Kazakhstan was primarily due to churn of low quality subscribers in the fourth quarter of 2009.

*Ukraine.* As of December 31, 2009, OJSC VimpelCom had approximately 2.0 million mobile subscribers in Ukraine, representing a decrease of 2.3% from approximately 2.1 million mobile subscribers as of December 31, 2008. The decrease in OJSC VimpelCom's subscriber base in Ukraine was primarily due to the effect of adverse economic conditions and increased competition.

*Tajikistan.* As of December 31, 2009, OJSC VimpelCom had approximately 0.7 million mobile subscribers in Tajikistan, representing an increase of 18.9% over approximately 0.6 million mobile subscribers as of December 31, 2008. The increase in OJSC VimpelCom's subscriber base in Tajikistan was primarily due to the expansion of its mobile network coverage and attractive tariff offers at competitive prices.

*Uzbekistan.* As of December 31, 2009, OJSC VimpelCom had approximately 3.5 million mobile subscribers in Uzbekistan, representing a decrease of 3.3% from approximately 3.6 million mobile subscribers as of December 31, 2008. The decrease in OJSC VimpelCom's subscriber base in Uzbekistan was primarily due to increased competition.

*Armenia.* As of December 31, 2009 and December 31, 2008, OJSC VimpelCom had approximately 0.5 million mobile subscribers in Armenia.

*Georgia.* OJSC VimpelCom launched commercial operations in Georgia in March 2007 and as of December 31, 2009, it had approximately 0.4 million mobile subscribers in Georgia, representing an increase of 77.3% over the approximately 0.2 million mobile subscribers as of December 31, 2008. OJSC VimpelCom is continuing to build its network and develop its sales and distributions channels in Georgia.

*Cambodia.* OJSC VimpelCom launched commercial operations in Cambodia in May 2009 and as of December 31, 2009, it had approximately 0.4 million mobile subscribers. OJSC VimpelCom is continuing to build its network and develop its sales and distributions channels in Cambodia.

*Mobile MOU*

MOU measures the monthly average minutes of use per mobile subscriber. OJSC VimpelCom calculates 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 OJSC VimpelCom's mobile subscribers for the periods indicated:

	Year Ended December 31,		
	2007	2008	2009
Russia	192.1	219.1	211.4
Kazakhstan	94.6	104.3	93.1
Ukraine	163.2	231.8	208.7
Tajikistan	220.6	238.9	172.9
Uzbekistan	274.0	287.8	314.0
Armenia	169.9	152.1	237.8
Georgia	102.5	113.6	138.3
Cambodia			78.2 <sup>(1)</sup>

<sup>(1)</sup> Includes results of Sotelco from launch of operations in May 2009.

*Russia.* In 2009, OJSC VimpelCom's MOU in Russia decreased by 3.5% to 211.4 from 219.1 in 2008, primarily due to adverse economic conditions that resulted in lower consumer spending and lower usage by newly connected subscribers.

*Kazakhstan.* In 2009, OJSC VimpelCom's MOU in Kazakhstan decreased by 10.7% to 93.1 from 104.3 in 2008, primarily due to adverse economic conditions that resulted in lower consumer spending.

*Ukraine.* In 2009, OJSC VimpelCom's MOU in Ukraine decreased by 10.0% to 208.7 from 231.8 in 2008, primarily due to adverse economic conditions and the termination of its unlimited, or zero on-net, tariff plans in Ukraine.

*Tajikistan.* In 2009, OJSC VimpelCom's MOU in Tajikistan decreased by 27.6% to 172.9 from 238.9 in 2008, primarily due to adverse economic conditions that resulted in lower consumer spending.

*Uzbekistan.* In 2009, OJSC VimpelCom's MOU in Uzbekistan increased by 9.1% to 314.0 from 287.8 in 2008, primarily due to the launch of tariff plans designed to increase usage.

*Armenia.* In 2009, OJSC VimpelCom's MOU in Armenia increased by 56.3% to 237.8 from 152.1 in 2008, primarily due to OJSC VimpelCom's launch of tariff plans designed to increase usage and an increase in the proportion of higher usage subscribers relative to low usage subscribers in its subscriber base.

*Georgia.* In 2009, OJSC VimpelCom's MOU in Georgia increased by 21.7% to 138.3 from 113.6 in 2008, primarily due to the continuing expansion of mobile network coverage and the improvement of its network quality in Georgia.

*Mobile ARPU*

ARPU measures the monthly average revenue per user. OJSC VimpelCom calculates ARPU by dividing its 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 OJSC VimpelCom's mobile subscribers during the period and dividing by the number of months in that period.

The following table shows OJSC VimpelCom's ARPU for the periods indicated:

	Year Ended December 31,		
	2007	2008	2009
Russia	US\$ 12.6	US\$ 13.9	US\$ 10.1
Kazakhstan	US\$ 13.1	US\$ 11.7	US\$ 8.1
Ukraine	US\$ 4.7	US\$ 7.6	US\$ 4.7
Tajikistan	US\$ 9.7	US\$ 9.5	US\$ 7.1
Uzbekistan	US\$ 7.1	US\$ 6.4	US\$ 4.7
Armenia	US\$ 16.7	US\$ 14.6	US\$ 13.2
Georgia	US\$ 7.4	US\$ 9.0	US\$ 8.9
Cambodia			US\$ 1.4 <sup>(1)</sup>

<sup>(1)</sup> Includes results of Sotelco from launch of operations in May 2009.

*Russia.* In 2009, OJSC VimpelCom's ARPU in Russia decreased by 27.3% to US\$10.1 from US\$13.9 in 2008, primarily due to the devaluation of the functional currency in Russia, as well as a decrease in MOU and implementation of lower rate tariff plans in response to adverse economic conditions. In functional currency terms, ARPU in Russia decreased by 7.2% in 2009 compared to 2008.

*Kazakhstan.* In 2009, OJSC VimpelCom's ARPU in Kazakhstan decreased by 30.8% to US\$8.1 from US\$11.7 in 2008, primarily due to the devaluation of the functional currency in Kazakhstan, as well as a decrease in MOU and lower consumer spending. In functional currency terms, ARPU in Kazakhstan decreased by 14.3% in 2009 compared to 2008.

*Ukraine.* In 2009, OJSC VimpelCom's ARPU in Ukraine decreased by 38.2% to US\$4.7 from US\$7.6 in 2008, primarily due to the devaluation of the functional currency in Ukraine and a decrease in MOU. In functional currency terms, ARPU in Ukraine decreased by 6.8% in 2009 compared to 2008.

*Tajikistan.* In 2009, OJSC VimpelCom's ARPU in Tajikistan decreased by 25.3% to US\$7.1 from US\$9.5 in 2008, primarily due to lower MOU.

*Uzbekistan.* In 2009, OJSC VimpelCom's ARPU in Uzbekistan decreased by 26.6% to US\$4.7 from US\$6.4 in 2008, primarily due to increased price competition and OJSC VimpelCom's launch of new lower price tariffs designed to increase usage.

*Armenia.* In 2009, OJSC VimpelCom's ARPU in Armenia decreased by 9.6% to US\$13.2 from US\$14.6 in 2008 primarily due to the devaluation of the functional currency in Armenia and lower prices per minute from new tariff plans designed to increase usage, which together more than offset increased MOU. In functional currency terms, ARPU in Armenia increased by 7.2% in 2009 compared to 2008.

*Georgia.* In 2009, OJSC VimpelCom's ARPU in Georgia decreased by 1.1% to US\$8.9 from US\$9.0 in 2008, primarily due to the devaluation of the functional currency in Georgia, which more than offset increased MOU driven by the expansion of OJSC VimpelCom's mobile network coverage and new tariff offers. In functional currency terms, ARPU in Georgia increased by 14.6% in 2009 compared to 2008.

*Cambodia.* In 2009, OJSC VimpelCom's ARPU in Cambodia was a relatively low US\$1.4, primarily due to high churn rates relating to the launch of operations.

#### *Mobile churn rate*

OJSC VimpelCom defines its 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 its 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 OJSC VimpelCom's churn rate even though it does not lose those subscribers.

The following table shows OJSC VimpelCom's churn rates for the periods indicated:

	Year Ended December 31,		
	2007	2008	2009
Russia	32.9%	34.6%	42.8%
Kazakhstan	23.5%	31.5%	46.3%
Ukraine	61.8%	84.0%	81.0%
Tajikistan	4.6%	42.8%	52.9%
Uzbekistan	61.7%	55.6%	63.7%
Armenia	49.7%	106.2%	58.6%
Georgia	1.0%	47.2%	46.6%
<b>Total Churn</b>	<b>34.1%</b>	<b>38.2%</b>	<b>45.8%</b>

In 2009, OJSC VimpelCom's churn rate in Russia increased compared to 2008 due to adverse economic conditions resulting in lower consumer spending and increased competition.

In 2009, OJSC VimpelCom's churn rate in Kazakhstan increased compared to 2008 primarily due to the departure of low quality subscribers.

In 2009, OJSC VimpelCom's churn rates in Ukraine, Armenia and Georgia decreased compared to 2008. However, OJSC VimpelCom's churn rates in these countries remained high due to a high share of summer holiday sales that result in seasonal usage of OJSC VimpelCom's services and consequent churn of these subscribers after the holiday season ends and, in Armenia, due to the departure of low quality subscribers.

OJSC VimpelCom's churn rates in Tajikistan and Uzbekistan increased in 2009 as compared to 2008 due to aggressive pricing by competitors.

In 2009, OJSC VimpelCom's churn rate in Cambodia was high, primarily due to promotions related to its commercial launch in which subscribers received a bonus to subscribe.

#### *Broadband subscribers*

As of December 31, 2009, OJSC VimpelCom had approximately 2.1 million broadband subscribers in Russia and 0.2 million broadband subscribers in the CIS, representing an increase of approximately 78.6% over the approximately 1.2 million broadband subscribers in Russia and an increase of approximately 274.4% over the approximately 0.04 million broadband subscribers in the CIS as of December 31, 2008. 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 activities include monthly Internet access using fiber-to-the-building ( FTTB ) technology, xDSL and WiFi technologies, as well as mobile home Internet service via USB modems.

#### *Revenues*

During the year ended December 31, 2009, OJSC VimpelCom 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. OJSC VimpelCom's primary sources of revenues consisted of:

#### *Service Revenues*

OJSC VimpelCom's 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, mobile Internet and infotainment. Roaming revenues include both revenues from OJSC VimpelCom's customers who roam outside of their home country networks and revenues from other wireless carriers for roaming by their customers on OJSC VimpelCom's network. Roaming revenues do not include revenues from OJSC VimpelCom's own subscribers roaming while traveling across Russian regions within its network (so called "intranet roaming").

*Sales of Equipment and Accessories and Other Revenues*

OJSC VimpelCom sold mobile handsets, equipment and accessories to its subscribers. OJSC VimpelCom's other revenues included, among other things, rental of base station sites.

***Expenses***

*Operating Expenses*

During the year ended December 31, 2009, OJSC VimpelCom had two categories of operating expenses directly attributable to its 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.

*Costs of Equipment and Accessories.* OJSC VimpelCom's costs of equipment and accessories sold represented the amount that was payable for these goods, net of VAT. OJSC VimpelCom purchased handsets, equipment and accessories from third party manufacturers for resale to OJSC VimpelCom's subscribers for use on its networks.

In addition to service costs and the costs of equipment and accessories, during the year ended December 31, 2009, OJSC VimpelCom's operating expenses included:

*Selling, general and administrative expenses.* OJSC VimpelCom's 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.

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*Depreciation and amortization expense.* OJSC VimpelCom depreciated the capitalized costs of its tangible assets, which consisted mainly of telecommunications equipment and buildings that OJSC VimpelCom owned. OJSC VimpelCom amortized its 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.

*Provision for doubtful accounts.* OJSC VimpelCom included in its operating expenses an estimate of the amount of its accounts receivable net of VAT that its management believes will ultimately be uncollectible. OJSC VimpelCom 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 year ended December 31, 2009, OJSC VimpelCom's other significant expenses included:

*Net foreign exchange (loss)/gain*

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

*Interest expense*

OJSC VimpelCom incurred interest expense on its vendor financing agreements, loans from banks, capital leases and other borrowings. OJSC VimpelCom's interest bearing liabilities carry both fixed and floating interest rates. On OJSC VimpelCom's borrowings with a floating interest rate, the interest rate is linked either to LIBOR or to EURIBOR. OJSC VimpelCom's interest expense depends on a combination of prevailing interest rates and the amount of its outstanding interest bearing liabilities.

*Income tax expense*

The statutory income tax rate in Russia, Kazakhstan and Armenia in 2009 was 20.0%. The statutory income tax rate in Ukraine and Tajikistan was 25.0%. The statutory income tax rate in Georgia was 15.0%. In Uzbekistan there was a complex income tax regime that resulted in an income tax rate of approximately 18.0%. The statutory income tax rates in 2008 were the same as those in 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:

	Year Ended December 31,		
	2007	2008	2009
<b>Consolidated statements of income</b>			
<b>Operating revenues:</b>			
Service revenues	99.9%	98.8%	98.6%
Sales of equipment and accessories	0.1%	1.1%	1.3%
Other revenues	0.1%	0.2%	0.2%
Total operating revenues	100.1%	100.1%	100.1%
Less revenue based taxes	(0.1)%	(0.1)%	(0.1)%
Net operating revenues	100.0%	100.0%	100.0%
<b>Operating expenses:</b>			
Service costs	18.3%	22.4%	21.6%
Cost of equipment and accessories	0.1%	1.0%	1.3%
Selling, general and administrative expenses	30.8%	28.0%	27.5%
Depreciation	16.3%	15.0%	16.0%
Amortization	3.1%	3.6%	3.5%
Impairment loss	0.0%	4.4%	0.0%
Provision for doubtful accounts	0.6%	0.5%	0.6%
Total operating expenses	69.2%	74.9%	70.4%
<b>Operating income</b>	<b>30.8%</b>	<b>25.1%</b>	<b>29.6%</b>
<b>Other income and expenses:</b>			
Interest income	0.5%	0.7%	0.6%
Net foreign exchange (loss)/gain	1.0%	(11.3)%	(4.7)%
Interest expense	(2.7)%	(4.9)%	(6.9)%
Equity in net (loss)/gain of associates	0.0%	(0.2)%	(0.4)%
Other (expenses), net	0.0%	(0.6)%	(0.4)%
Total other income and expenses	(1.2)%	(16.3)%	(11.8)%
Income before income taxes	29.6%	8.8%	17.8%
Income tax expense	8.3%	3.0%	5.0%
Net income	21.3%	5.8%	12.8%
Net (loss)/income attributable to the noncontrolling interest	0.9%	0.6%	(0.1)%
Net income attributable to OJSC VimpelCom	20.4%	5.2%	12.9%

The tables below show for the periods indicated selected information about the results of operations in each of OJSC VimpelCom's reportable segments. For more information regarding OJSC VimpelCom's segments, see Note 23 to the OJSC VimpelCom Financial Statements included elsewhere in this Report of Foreign Private Issuer on Form 6-K.

**Russia Mobile**

	2007	Year Ended December 31,		2009	% change
		2008	% change		
(US\$ in millions, except % change)					
Net operating revenues from external customers	6,090.3	7,310.5	20.0	7,310.5	(16.5)
Intersegment revenues	3.4	61.3	1,702.9	61.3	54.0
<b>Net operating revenues (including intersegment revenues)</b>	<b>6,093.7</b>	<b>7,371.8</b>	<b>21.0</b>	<b>7,371.8</b>	<b>(15.9)</b>
Depreciation and amortization	1,109.0	1,204.7	8.6	1,204.7	(15.4)
Operating income	1,991.8	2,667.4	33.9	2,667.4	(18.1)
<b>Net income attributable to OJSC VimpelCom</b>	<b>1,422.2</b>	<b>1,146.0</b>	<b>(19.4)</b>	<b>1,146.0</b>	<b>(12.1)</b>

## Russia Fixed

	2007	2008	Year Ended December 31,		2009	% change
			% change	2008		
			(US\$ in millions, except % change)			
Net operating revenues from external customers		1,286.7	n/a	1,286.7	1,319.5	2.5
Intersegment revenues		142.8	n/a	142.8	367.6	157.4
<b>Net operating revenues (including intersegment revenues)</b>		<b>1,429.5</b>	<b>n/a</b>	<b>1,429.5</b>	<b>1,687.1</b>	<b>18.0</b>
Depreciation and amortization		219.4	n/a	219.4	242.1	10.3
Impairment loss		315.0	n/a	315.0		n/a
Operating income/(loss)		(191.2)	n/a	(191.2)	227.0	n/a
<b>Net income/(loss) attributable to OJSC VimpelCom</b>		<b>(266.4)</b>	<b>n/a</b>	<b>(266.4)</b>	<b>180.2</b>	<b>n/a</b>

## CIS Mobile

	2007	2008	Year Ended December 31,		2009	% change
			% change	2008		
			(US\$ in millions, except % change)			
Net operating revenues from external customers	937.4	1,294.7	38.1	1,294.7	1,095.9	(15.4)
Intersegment revenues	10.4	20.3	95.2	20.3	32.9	62.1
<b>Net operating revenues (including intersegment revenues)</b>	<b>947.8</b>	<b>1,315.0</b>	<b>38.7</b>	<b>1,315.0</b>	<b>1,128.8</b>	<b>(14.2)</b>
Depreciation and amortization	220.3	368.3	67.2	368.3	331.1	(10.1)
Impairment loss		90.1	n/a	90.1		n/a
Operating income	198.6	81.8	(58.8)	81.8	183.9	124.8
<b>Net income/(loss) attributable to OJSC VimpelCom</b>	<b>30.7</b>	<b>(260.4)</b>	<b>n/a</b>	<b>(260.4)</b>	<b>(2.0)</b>	<b>n/a</b>

## CIS Fixed

	2007	2008	Year Ended December 31,		2009	% change
			% change	2008		
			(US\$ in millions, except % change)			
Net operating revenues from external customers	143.4	225.1	57.0	225.1	177.8	(21.0)
Intersegment revenues		47.7	n/a	47.7	85.4	79.0
<b>Net operating revenues (including intersegment revenues)</b>	<b>143.4</b>	<b>272.8</b>	<b>90.2</b>	<b>272.8</b>	<b>263.2</b>	<b>(3.5)</b>
Depreciation and amortization	61.2	88.5	44.6	88.5	91.7	3.6
Operating income	15.8	23.9	51.3	23.9	20.0	(16.3)
<b>Net income attributable to OJSC VimpelCom</b>	<b>9.8</b>	<b>3.4</b>	<b>(65.3)</b>	<b>3.4</b>	<b>12.3</b>	<b>261.8</b>

## Other

	2007	2008	Year Ended December 31,		2009	% change
			% change	2008		
			(US\$ in millions, except % change)			
Net operating revenues from external customers			n/a		5.7	n/a
Intersegment revenues			n/a			n/a
<b>Net operating revenues (including intersegment revenues)</b>			<b>n/a</b>		<b>5.7</b>	<b>n/a</b>
Depreciation and amortization		0.2	n/a	0.2	10.0	4,900.0
Impairment loss		37.6	n/a	37.6		n/a
Operating income		(45.9)	n/a	(45.9)	(38.0)	n/a
<b>Net (loss) attributable to OJSC VimpelCom</b>		<b>(98.1)</b>	<b>n/a</b>	<b>(98.1)</b>	<b>(76.4)</b>	<b>n/a</b>

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

*Net Operating Revenues*

OJSC VimpelCom's consolidated net operating revenues decreased by 14.0% to US\$8,702.9 million during 2009 from US\$10,116.9 million during 2008. OJSC VimpelCom's 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, OJSC VimpelCom's net operating revenues increased in all countries in which it operates other than in Armenia and Uzbekistan, mainly due to increased traffic on its 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. OJSC VimpelCom's 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.* OJSC VimpelCom's Russia mobile net operating revenues decreased by 15.9% to US\$6,198.4 million during 2009 from US\$7,371.8 million during 2008. OJSC VimpelCom's Russia mobile net operating revenues consist mostly of service revenues.

During 2009, OJSC VimpelCom generated US\$3,952.4 million of its service revenues from airtime charges from mobile contract and prepaid subscribers, including monthly contract fees, or 63.8% of net operating revenues in its Russia mobile segment, compared to US\$4,842.7 million, or 65.7% of net operating revenues in 2008. The 18.4% decrease was primarily due to the devaluation of the functional currency, which more than offset the growth of OJSC VimpelCom's subscriber base and the resulting increased traffic volumes on its mobile network. In functional currency terms, OJSC VimpelCom's service revenues from airtime charges from mobile contract and prepaid subscribers, including monthly contract fees, in OJSC VimpelCom's Russia mobile segment increased by 3.9% in 2009 compared to 2008.

During 2009, OJSC VimpelCom generated US\$888.9 million of its service revenues from interconnect, or 14.3% of net operating revenues in the Russia mobile segment, compared to US\$1,074.0 million, or 14.6% of net operating revenues in 2008. The 17.2% decrease was primarily due to the devaluation of the functional currency, which more than offset increased traffic to OJSC VimpelCom's network. In functional currency terms, OJSC VimpelCom's Russia mobile segment service revenues from interconnect increased by 5.2% during 2009 compared to 2008.

During 2009, OJSC VimpelCom generated US\$925.5 million of its service revenues from value added services, or 14.9% of net operating revenues in its Russia mobile segment, compared to US\$898.9 million, or 12.2% of net operating revenues in 2008. The 3.0% increase in OJSC VimpelCom's mobile value added services revenues was primarily due to the growth in its subscriber base and increased revenue from sales of infotainment and data, partially offset by the devaluation of the functional currency. In functional currency terms, OJSC VimpelCom's Russia mobile segment service revenues from value added services increased by 30.8% during 2009 compared to 2008.

During 2009, OJSC VimpelCom generated US\$298.0 million of its service revenues from roaming fees generated by its Russian mobile subscribers and roaming fees received from other mobile services operators for providing roaming services to its subscribers, or 4.8% of net operating revenues in OJSC VimpelCom Russia mobile segment, compared to US\$428.2 million or 5.8% of net operating revenues in 2008. The 30.4% 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 OJSC VimpelCom's Russia mobile subscribers and persons roaming on its network. In functional currency terms, OJSC VimpelCom's Russia mobile segment service revenues from roaming decreased by 11.1% during 2009 compared to 2008.

During 2009, OJSC VimpelCom generated US\$16.1 million of its service revenues from other types of services, including connection charges, or 0.3% of net operating revenues in its Russia mobile segment, compared to US\$20.5 million and 0.3%, respectively, for 2008.

OJSC VimpelCom's 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, OJSC VimpelCom's 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 18.0% to US\$1,687.1 million from US\$1,429.5 million in 2008. OJSC VimpelCom's Russia fixed segment net operating revenues in 2009 consisted of US\$656.3 million generated from business operations, US\$847.6 million generated from wholesale operations and US\$183.2 million generated from residential operations. The increase in net operating revenues in OJSC VimpelCom's 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 OJSC VimpelCom's contracts with business and wholesale customers are denominated in U.S. dollars and Euros, a portion of its revenues was protected from devaluation of the Russian rouble.

*CIS mobile net operating revenues.* OJSC VimpelCom's CIS mobile net operating revenues decreased by 14.2% to US\$1,128.8 million during 2009 from US\$1,315.0 million during 2008. OJSC VimpelCom's CIS mobile net operating revenues consist mostly of service revenues.

During 2009, OJSC VimpelCom generated US\$758.5 million of its service revenues from airtime charges in the CIS from mobile contract and prepaid subscribers, including monthly contract fees, or 67.2% of its net operating revenues in the CIS mobile segment, compared to US\$891.7 million, or 67.7% of net operating revenues in 2008. The 14.9% decrease during 2009 compared to 2008 was primarily due to the devaluation of OJSC VimpelCom's functional currencies, which more than offset increased traffic volumes in Kazakhstan and Georgia during 2009. In functional currency terms, OJSC VimpelCom's service revenues from airtime charges increased by 2.1% in 2009 compared to 2008.

During 2009, OJSC VimpelCom generated US\$199.8 million of its mobile service revenues from interconnect fees in the CIS, or 17.7% of its net operating revenues in CIS mobile, compared to US\$230.3 million, or 17.5% of net operating revenues in CIS mobile in 2008. The 13.2% 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 OJSC VimpelCom's networks in Uzbekistan, Tajikistan and Georgia. In functional currency terms, service revenues from interconnect fees increased by 4.2% in 2009 compared to 2008.

During 2009, OJSC VimpelCom generated US\$122.6 million of its mobile service revenues from value added services in the CIS, or 10.9% of net operating revenues in CIS mobile, compared to US\$140.2 million, or 10.7% of net operating revenues in CIS mobile in 2008. The 12.6% decrease in 2009 compared to 2008 was primarily due to the devaluation of OJSC VimpelCom's functional currencies and decreased consumer spending on value added services in all CIS countries in which OJSC VimpelCom operates, which together more than offset subscriber growth in Tajikistan and Georgia. In functional currency terms, service revenues from value added services increased by 4.9% in 2009 compared to 2008.

During 2009, OJSC VimpelCom generated US\$41.8 million of its service revenues from roaming in the CIS, or 3.7% of net operating revenues in CIS mobile, compared to US\$51.5 million, or 3.9% of net operating revenues in CIS mobile in 2008. This 18.8% decrease in roaming revenues in 2009 compared to 2008 was primarily due to the devaluation of functional currencies and decreased consumer spending in all CIS countries in which OJSC VimpelCom operates. In functional currency terms, service revenues from roaming decreased by 2.3%.

During 2009, OJSC VimpelCom generated US\$2.9 million of its service revenues from other types of services, including connection charges, or 0.3% of net operating revenues in its CIS mobile segment, compared to US\$2.5 million and 0.2%, respectively, for 2008.

OJSC VimpelCom's 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\$1.3 million from US\$0.1 million during 2008.

During 2009, OJSC VimpelCom's net operating revenues in the CIS mobile segment included US\$9.1 million generated by other activity compared to US\$6.4 million for 2008.

During each of 2009 and 2008, OJSC VimpelCom's CIS mobile segment incurred revenue based taxes of US\$7.2 million and US\$7.9 million.

*CIS fixed net operating revenues.* OJSC VimpelCom's net operating revenues in the CIS fixed segment decreased by 3.5% to US\$263.2 million in 2009 from US\$272.8 million in 2008. The decrease was primarily attributable to the devaluation of functional currencies in Ukraine and Armenia compared to the U.S. dollar, while in functional currency terms, OJSC VimpelCom's revenues in CIS fixed increased by 20.6% primarily due to growth of interconnect, voice and Internet revenues in Ukraine, Kazakhstan and Uzbekistan and the full-year consolidation of Golden Telecom for 2009 as opposed to 10 months 2008. In 2009, US\$59.8 million of CIS fixed revenues were generated from OJSC VimpelCom's business operations, US\$84.1 million from wholesale operations and US\$119.3 million from residential operations.

*Other segment net operating revenues.* In 2009, OJSC VimpelCom started to generate revenues in its Other reporting segment. In 2009, net operating revenues in this segment were US\$5.7 and consisted of revenues from OJSC VimpelCom's mobile operations in Cambodia from May 2009 when its subsidiary Sotelco launched its commercial operations.

During 2009, in Cambodia US\$5.0 million of OJSC VimpelCom's mobile service revenues, or 87.7% of its net operating revenues, were from airtime charges from mobile prepaid subscribers and monthly contract fees, US\$0.5 million of OJSC VimpelCom's mobile service revenues, or 8.8% of its net operating revenues, were from interconnect fees, and US\$0.2 million of OJSC VimpelCom's mobile service revenues, or 3.5% of its net operating revenues, were from other services, including connection charges and value added services.

#### *Total Operating Expenses*

OJSC VimpelCom's 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 OJSC VimpelCom's functional currencies and cost control measures implemented in 2009.

Due to the adverse economic environment, in 2009, OJSC VimpelCom focused on maintaining its consolidated operating margin by controlling its operating expenses. As a result of those efforts and the non-recurrence of the 2008 impairment losses, OJSC VimpelCom's 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 OJSC VimpelCom consolidated from March 1, 2008.

*Service costs.* OJSC VimpelCom's 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, OJSC VimpelCom's service costs decreased to 21.6% during 2009 from 22.4% during 2008.

Service costs in Russia mobile operations decreased by 10.2% to US\$1,243.9 million in 2009 from US\$1,385.8 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 OJSC VimpelCom's traffic volume. In functional currency terms, OJSC VimpelCom's service costs in Russia mobile increased by 14.0% during 2009 compared to 2008.

Service costs in Russia fixed increased by 20.2% to US\$797.2 million in 2009 from US\$663.0 million in 2008. This increase was primarily due to consolidation of Golden Telecom's operations for all of 2009, compared to only 10 months in 2008, increased volume of higher cost wholesale traffic and an increase in the proportion of international traffic, mostly to the CIS countries. In functional currency terms, service costs in Russia fixed increased by 52.0% in 2009 compared to 2008.

Service costs in CIS mobile decreased by 22.7% to US\$302.1 million in 2009 from US\$390.6 million in 2008. The decrease was primarily due to the devaluation of functional currencies and a decrease in interconnection expenses in Ukraine and Armenia. In functional currency terms, service costs in CIS mobile decreased by 5.0% in 2009 compared to 2008.

Service costs in CIS fixed decreased by 2.2% to US\$85.3 million in 2009 from US\$87.2 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 Ukraine, Uzbekistan and Kazakhstan and the consolidation of Golden Telecom's operations for all of 2009, compared to only 10 months in 2008. In functional currency terms, service costs in CIS fixed increased by 33.2% in 2009 compared to 2008.

Service costs in OJSC VimpelCom's Other reporting segment in 2009 were US\$6.8 million, consisting primarily of interconnection expenses in OJSC VimpelCom's mobile operations in Cambodia.

*Cost of equipment and accessories.* OJSC VimpelCom's 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 OJSC VimpelCom's customers that started in the end of 2008 and in the second half of 2008, respectively.

*Selling, general and administrative expenses.* OJSC VimpelCom's 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, OJSC VimpelCom's consolidated selling, general and administrative expenses decreased to 27.5% in 2009 from 28.0% in 2008 mainly due to management's initiatives to decrease costs. As a percentage of consolidated net operating revenues in 2009 compared to 2008, advertising and marketing expenses decreased by 1.6%, dealer commissions and other dealer-related costs decreased by 2.3%, technical and information technology expenses decreased by 1.1%, and other general and administrative expenses (excluding stock-based compensation expenses) increased by 1.0%. In 2009, stock-based compensation expenses were US\$9.2 million compared to a stock-based compensation gain of US\$119.3 million in 2008. The stock-based compensation gain in 2008 resulted from the decrease in OJSC VimpelCom's stock price in 2008. In December 2008, OJSC VimpelCom modified its stock-based compensation program to satisfy equity classification pursuant to which it recognizes stock-based compensation expenses evenly within the vesting period for that program.

Selling, general and administrative expenses in the Russia mobile segment decreased by 17.9% to US\$1,623.8 million in 2009 from US\$1,977.6 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 0.6% 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 0.6%, 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 4.7% to US\$393.3 million in 2009 from US\$412.5 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 5.5% in 2009 compared to 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 7.1%, technical support expenses increased by 1.2% and sales and marketing expenses increased by 0.4%.

Selling, general and administrative expenses in the CIS mobile segment decreased by 19.2% to US\$305.1 million in 2009 from US\$377.4 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 1.7% 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 decreased by 0.3%, technical support expenses increased by 1.1% and sales and marketing expenses decreased by 2.5%.

Selling, general and administrative expenses in the CIS fixed segment decreased by 12.4% to US\$62.1 million in 2009 from US\$70.9 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 2.4% 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 4.4%, technical support expenses increased by 1.9% and sales and marketing expenses increased by 0.1%.

Selling, general and administrative expenses in the Other segment primarily consisted of expenses in OJSC VimpelCom's mobile operations in Cambodia, which amounted to US\$19.8 million.

*Depreciation and amortization expenses.* OJSC VimpelCom's 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 conservative 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.* OJSC VimpelCom did not have any write downs or impairment loss in 2009. In 2008, OJSC VimpelCom 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 OJSC VimpelCom's impairment loss and write down of long-lived assets in 2008, please see Note 10 to the OJSC VimpelCom Financial Statements included elsewhere in this Report of Foreign Private Issuer on Form 6-K.

*Provision for doubtful accounts.* OJSC VimpelCom's 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 OJSC VimpelCom's fixed segments, which had higher doubtful debt rates than its mobile segments.

#### *Operating Income*

OJSC VimpelCom's 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. OJSC VimpelCom's total operating income as a percentage of net operating revenues in 2009 increased to 29.6% from 25.1% in 2008.

During 2009, OJSC VimpelCom's operating income in the Russia mobile segment decreased by 18.1% to US\$2,185.5 million compared to US\$2,667.4 million during 2008, primarily due to the devaluation of the functional currency.

OJSC VimpelCom's operating income in the Russia fixed segment increased to US\$227.0 million in 2009 compared to US\$191.2 million operating loss during 2008, primarily due to goodwill impairment loss of US\$315.0 million in 2008, higher traffic volume and the full-year consolidation of Golden Telecom for 2009, compared to only 10 months in 2008.

OJSC VimpelCom's operating income in the CIS mobile segment increased by 124.8% to US\$183.9 million in 2009 from US\$81.8 million in 2008, primarily due to goodwill and other long-lived assets impairment loss of US\$90.1 million in 2008.

OJSC VimpelCom's operating income in the CIS fixed segment decreased by 16.3% to US\$20.0 million in 2009 from US\$23.9 million in 2008, mainly due to devaluation of functional currencies.

*Other Income and Expenses*

*Interest expense/income.* OJSC VimpelCom's 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 its outstanding debt, which was 7.6% in 2009 compared to 7.0% in 2008. OJSC VimpelCom's 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.* OJSC VimpelCom 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 rouble against the U.S. dollar during 2009 and 2008 which resulted in a corresponding revaluation of OJSC VimpelCom's U.S. dollar denominated financial liabilities, including its loan agreements. OJSC VimpelCom's foreign currency exchange loss decreased in 2009 compared to 2008, primarily due to the lower rate of devaluation of the Russian rouble against the U.S. dollar of 2.9% in 2009 compared to 19.7% in 2008.

*Equity in net (loss)/gain of associates.* OJSC VimpelCom recorded a net loss of US\$35.8 million from its equity in associates during 2009 compared to a net loss of US\$61.0 million during 2008, primarily due to its 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.* OJSC VimpelCom's 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. OJSC VimpelCom's 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.* OJSC VimpelCom's 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, OJSC VimpelCom's subsidiary in Kazakhstan, and Mobitel, OJSC VimpelCom's subsidiary in Georgia.

*Net income attributable to OJSC VimpelCom and net income attributable to OJSC VimpelCom per common share.* In 2009, consolidated net income attributable to OJSC VimpelCom was US\$1,121.8 million, or US\$21.71 per common share (US\$1.09 per ADS), compared to US\$524.3 million, or US\$10.32 per common share (US\$0.52 per ADS), during 2008. In 2009, OJSC VimpelCom reported diluted net income attributable to OJSC VimpelCom of US\$21.69 per common share (US\$1.08 per ADS), compared to diluted net income attributable to OJSC VimpelCom of US\$10.32 per common share (US\$0.52 per ADS) during 2008.

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

*Operating Revenues*

OJSC VimpelCom's consolidated net operating revenues increased by 41.1% to US\$10,116.9 million during 2008 from US\$7,171.1 million during 2007. OJSC VimpelCom increased its 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 OJSC VimpelCom's network and improved ARPU.

Net operating revenues from OJSC VimpelCom's mobile operations in Russia, excluding intersegment revenues, increased by 20.0% to US\$7,310.5 million during 2008 from US\$6,090.3 million during 2007. Net operating revenues from OJSC VimpelCom's mobile operations in CIS, excluding intersegment eliminations, increased by 38.1% to US\$1,294.7 million during 2008 from US\$937.4 million during 2007.

Net operating revenues from OJSC VimpelCom's fixed operations in Russia, excluding intersegment revenues, were US\$1,286.7 million in 2008. Net operating revenues from OJSC VimpelCom's fixed operations in CIS, excluding intersegment eliminations, were US\$225.1 million during 2008, representing an increase of 57.0% from US\$143.4 million in 2007.

*Mobile service revenues in Russia*

OJSC VimpelCom's mobile service revenues in Russia increased by 19.4% to US\$7,264.3 million during 2008 from US\$6,082.5 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, OJSC VimpelCom generated US\$4,842.7 million of its services revenues from airtime charges from mobile contract and prepaid subscribers and monthly contract fees, or 65.7% 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 OJSC VimpelCom's mobile network.

During 2008, OJSC VimpelCom generated US\$1,074.0 million of its service revenues from interconnect revenues, or 14.6% 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 OJSC VimpelCom's interconnect revenues in 2008 was also due to increased inbound traffic on its network.

During 2008, OJSC VimpelCom generated US\$898.9 million of its 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 OJSC VimpelCom's 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, OJSC VimpelCom generated US\$428.2 million of its service revenues from roaming fees generated by its 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 OJSC VimpelCom's subscribers and persons roaming on its network.

*Mobile service revenues in CIS*

OJSC VimpelCom's mobile service revenues in CIS increased by 38.3% to US\$1,316.4 million during 2008 from US\$951.6 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, OJSC VimpelCom generated US\$891.7 million of its services revenues from airtime charges in CIS from mobile contract and prepaid subscribers and monthly contract fees, which represented 67.7% of OJSC VimpelCom's CIS mobile net operating revenues, compared to US\$648.2 million, or 69.9% of net operating revenues in 2007. The increase was primarily related to revenue growth in Kazakhstan, Uzbekistan and Ukraine due to increased traffic on OJSC VimpelCom's mobile network.

During 2008, OJSC VimpelCom generated US\$230.3 million of its service revenues from interconnect revenues, or 17.5% of net operating revenues in CIS mobile, compared to US\$161.9 million, or 17.0% of net operating revenues in CIS mobile in 2007. The increase in OJSC VimpelCom's interconnect revenues in 2008 was also due to increased subscriber base and volume of inbound traffic terminated on OJSC VimpelCom's network in CIS.

OJSC VimpelCom's revenues from value added services in the CIS increased by 43.1% in 2008 compared to 2007. During 2008, OJSC VimpelCom generated US\$140.2 million of its mobile service revenues from value added services in CIS, or 10.7% of its CIS mobile net operating revenues, compared to US\$98.0 million and 10.6%, respectively, for 2007. The increase is primarily attributable to increased consumption of value added services in Kazakhstan and Uzbekistan.

During 2008, OJSC VimpelCom generated US\$51.5 million of its service revenues from roaming revenues generated by its subscribers and subscribers roaming fees received from other mobile services operators for providing roaming services to their subscribers or 3.9% of CIS mobile net operating revenues, compared to US\$41.5 million and 4.3%, respectively, for 2007. These increases were primarily due to improved and expanded network coverage, an increase roaming activity due to an increased travel by OJSC VimpelCom's subscribers and persons roaming on its network.

#### *Revenues from sales of equipment and accessories*

In Russia mobile OJSC VimpelCom's revenues from sales of equipment and accessories during 2008 increased by 1,452.3% to US\$100.9 million 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.

OJSC VimpelCom did not derive a significant amount of revenue from sales of equipment and accessories in the CIS during 2008 and 2007.

#### *Fixed revenues*

In 2008, fixed net operating revenues in Russia, including intersegment revenues, amounted to US\$1,429.5 million. US\$688.0 million of fixed revenues were generated from OJSC VimpelCom's business operations, US\$586.6 million from wholesale operations and US\$154.7 million from residential operations.

OJSC VimpelCom's fixed net operating revenues in CIS, including intersegment revenues, increased by 90.2% to US\$272.7 million in 2008 from US\$143.4 million in 2007. The increase was due to acquisition of Golden Telecom companies in Ukraine, Kazakhstan and Uzbekistan.

#### *Operating Expenses*

OJSC VimpelCom's 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.

Total operating expenses in OJSC VimpelCom's mobile operations in Russia increased by 14.7% to US\$4,704.4 million during 2008 from US\$4,101.8 million during 2007 in line with revenue growth. The increase related to growth in service cost, more intensive marketing and sales activities applied in 2008, and costs of 3G handsets sales launched during the fourth quarter.

Operating expenses in OJSC VimpelCom's mobile operations in CIS increased by 64.6% to US\$1,233.2 million during 2008 from US\$749.2 million during 2007. This increase is higher than the operating revenue increase of 38.1% primarily due to the increased expenses in Ukraine resulting from recognition of one-off impairment charges of goodwill and certain long-lived assets and increased service costs in 2008.

Total operating expenses in OJSC VimpelCom's fixed operations in Russia amounted to US\$1,620.7 million in 2008. Operating expenses in OJSC VimpelCom's fixed operations in the CIS increased by 95.0% to US\$248.8 million during 2008, from US\$127.6 million in 2007. The increase was caused by integrating Golden Telecom's fixed operations in CIS countries.

*Service costs.* OJSC VimpelCom's 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, OJSC VimpelCom's service costs increased to 22.4% during 2008 from 18.3% during 2007.

Service costs in Russia mobile operations increased by 33.1% to US\$1,385.8 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\$390.6 million in 2008, which was 57.3% higher than US\$248.3 million in 2007. This is higher than service revenue increase of 38.3% primarily due to increased service costs in Ukraine resulting from active sales of new tariffs with unlimited minutes of usage. Service costs in Russia fixed operations were US\$663.0 million and amounted to 29.3% of OJSC VimpelCom's consolidated service costs in 2008. Service costs in CIS fixed operations were US\$87.2 million in 2008, which was US\$55.1 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.

*Cost of equipment and accessories.* OJSC VimpelCom's 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. OJSC VimpelCom's 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.* OJSC VimpelCom's 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\$74.2 million or by 3.9% to US\$1,977.6 million in 2008 from US\$1,903.4 million in 2007. However, as a percentage of net operating revenues they declined to 26.8% in 2008 from 31.2% in 2007. General and administrative expenses

declined by US\$176.3 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 CIS mobile operations were US\$377.4 million in 2008, which was 39.4% higher than US\$270.7 million in 2007. In 2008 US\$166.1 million were general and administrative expenses, US\$73.7 million were spent on technical support and US\$137.6 million were spent on sales and marketing.

Selling, general and administrative expenses in Russia fixed operations were US\$412.5 million in 2008, which represented 14.5% of consolidated SG&A expenses in 2008. Of this amount US\$336.5 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.

In CIS fixed operations, selling, general and administrative expenses amounted to US\$70.9 million in 2008, an increase of US\$37.0 million compared to US\$33.9 million in 2007. In 2008, US\$56.4 million were general and administrative expenses, US\$9.7 million were spent for technical support and US\$4.7 million were spent on sales and marketing.

*Depreciation and amortization expense.* OJSC VimpelCom's 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\$1,204.7 million in 2008 from US\$1,109.0 million in 2007. In CIS mobile operations they were US\$368.3 million in 2008, which was 67.2% higher than US\$220.3 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\$219.4 million in 2008. It was US\$88.5 million in CIS fixed operations in 2008, which was 44.6% higher than US\$61.2 million in 2007.

*Write offs and impairments.* In 2008 OJSC VimpelCom 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.* OJSC VimpelCom's 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 0.6% in 2007 due to the reduction in negative balances of prepaid subscribers.

In 2008, provisions for doubtful accounts in Russia mobile declined by 4.0% to US\$41.1 million from US\$42.8 million in 2007 and also declined in CIS mobile by 31.6% to US\$ 6.7 million from US\$9.8 million in 2007.

In Russia fixed segment, provisions for doubtful accounts were US\$5.3 million in 2008. In CIS fixed operations, they were US\$1.6 million in 2008 compared to US\$0.4 million in 2007.

#### *Operating Income*

Primarily as a result of the foregoing, OJSC VimpelCom's 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 plan expenses which resulted in US\$119.3 million gain in 2008 compared to US\$208.3 million expense in 2007. Other than that, OJSC VimpelCom's 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, OJSC VimpelCom's operating income in Russia mobile operations grew by 33.9% to US\$2,667.4 million compared to US\$1,991.8 million during 2007. This growth in Russia was partly helped by the reversal in stock price based compensation plan expenses discussed in the preceding paragraph and also was the result of the increase in revenues as well as management's efforts to control costs.

OJSC VimpelCom's operating income in CIS mobile operations declined by 58.8% to US\$81.8 million in 2008 from 198.6 million in 2007. The decline was mainly due to an operating loss of US\$176.0 million in Ukraine in 2008, caused primarily by the impairment charges recorded in 2008 and expenses associated with significant growth of advertising expenses due to active sales and subscriber base growth.

During 2008, OJSC VimpelCom had an operating loss in its fixed operations in Russia which amounted to US\$191.2 million due to impairment charge of US\$315.0 million. Operating income in CIS fixed was US\$23.9 million, an increase of 51.3% from US\$15.8 million in 2007 primarily due to acquisition of Golden Telecom companies in CIS.

#### *Other Income and Expenses*

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

*Consolidated Foreign currency exchange gain/loss.* OJSC VimpelCom 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 rouble against the U.S. dollar during 2008 resulted in a significant foreign exchange loss during 2008 from a corresponding revaluation of OJSC VimpelCom's U.S. dollar denominated financial liabilities under its loan agreements.

In order to reduce OJSC VimpelCom's foreign currency risk, in November 2006, OJSC VimpelCom entered into a series of forward agreements to acquire US\$972.7 million in Russian roubles to hedge its 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, OJSC VimpelCom entered into a series of forward agreements to acquire US\$173.6 million in Russian roubles to hedge its 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, OJSC VimpelCom 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 OJSC VimpelCom's 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, OJSC VimpelCom 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 Kartel-EBRD loan agreement.

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



In March 2009, OJSC VimpelCom entered into a series of forward agreements to acquire US\$166.7 million in Russian roubles to hedge its 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.* OJSC VimpelCom's 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. OJSC VimpelCom's effective income tax rate of 34.1% during 2008 was higher than its 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 OJSC VimpelCom and net income attributable to OJSC VimpelCom per share.* In 2008, OJSC VimpelCom's net income attributable to OJSC VimpelCom was US\$524.3 million, or US\$10.32 per common share (US\$0.52 per ADS), compared to US\$1,462.7 million or US\$28.78 per common share (US\$1.44 per ADS) during 2007. In 2008, OJSC VimpelCom reported diluted net income attributable to OJSC VimpelCom of US\$10.32 per common share (US\$0.52 per ADS), compared to diluted net income attributable to OJSC VimpelCom of US\$28.78 per common share (US\$1.44 per ADS) during 2007.

## Liquidity and Capital Resources

### Consolidated Cash Flow Summary

The following table shows OJSC VimpelCom's cash flows for years ended December 31, 2007, 2008 and 2009:

	Year Ended December 31,		
	2007	2008	2009
	(US\$ in millions)		
<b>Consolidated Cash Flow</b>			
Net cash provided by operating activities	3,037.7	3,421.9	3,512.8
Net cash (used in)/provided by financing activities	(193.7)	3,750.9	(1,545.4)
Net cash used in investing activities	(2,234.6)	(7,177.2)	(1,433.5)
Effect of exchange rate changes on cash and cash equivalents	49.8	(84.6)	(1.7)
Net increase/(decrease) in cash and cash equivalents	659.2	(89.0)	532.3

During the years ended December 31, 2007, 2008 and 2009, OJSC VimpelCom generated positive cash flow from its operating activities and negative cash flow from investing activities. Cash flow from financing activities was negative during 2007, positive during 2008 and negative during 2009. The negative cash flow from financing activities during the year ended December 31, 2009 was mostly due to repayments of OJSC VimpelCom's existing debt facilities, which exceeded new borrowings, and payment of cash dividends of US\$315.6 million (including related withholding tax). The positive cash flow from financing activities during 2008 was primarily the result of the receipt of proceeds from a US\$1,500.0 million bridge term loan facility entered into on February 8, 2008 and refinanced by the issuance of US\$2,000.0 million limited-recourse loan participation notes by VIP Finance Ireland Limited on April 30, 2008, a US\$2,000.0 million syndicated term loan facility entered into on February 8, 2008 and a US\$750.0 million loan facility signed with Sberbank on February 14, 2008. The negative cash flow from financing activities during 2007 was primarily the result of repayments of OJSC VimpelCom's existing debt facilities and its payment of cash dividends of US\$331.9 million (including related withholding tax).

As of December 31, 2009, OJSC VimpelCom had negative working capital of US\$447.7 million, compared to negative working capital of US\$1,407.8 million as of December 31, 2008. Working capital is defined as

current assets less current liabilities. The decrease in OJSC VimpelCom's working capital deficit as of December 31, 2009, was mainly due to the increase in its cash and cash equivalents balance to US\$1,446.9 million as of December 31, 2009 from US\$914.7 million as of December 31, 2008, and a decrease in accounts payable to US\$545.7 million as of December 31, 2009 from US\$896.1 million as of December 31, 2008.

OJSC VimpelCom's working capital is monitored on a regular basis by management. OJSC VimpelCom's management expects to repay its debt as it becomes due from its operating cash flows or through additional borrowings. Short term borrowing payments are split during the year, and the majority of OJSC VimpelCom's short term borrowings become due in the first and the third quarters of 2010. OJSC VimpelCom's management expects to make these payments as they become due. OJSC VimpelCom's management believes that its working capital is sufficient to meet its present requirements.

### *Operating 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 2009, OJSC VimpelCom repaid approximately US\$2,432.9 million of indebtedness.

The following table provides a summary of OJSC VimpelCom's outstanding indebtedness with an outstanding principal balance exceeding US\$10.0 million as of December 31, 2009. 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 OJSC VimpelCom's subsidiaries to restrictions on their ability to pay dividends or repay debts to OJSC VimpelCom. For additional information on this indebtedness, please refer to the notes to the OJSC VimpelCom Financial Statements included elsewhere in this Report of Foreign Private Issuer on Form 6-K.

<b>Borrower</b>	<b>Type of debt/lender</b>	<b>Interest rate</b>	<b>Outstanding debt (in millions)</b>	<b>Maturity date</b>	<b>Guarantor</b>	<b>Security</b>
OJSC VimpelCom	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 2.5% <sup>(1)</sup>	US\$1,170.0	February 8, 2011	None	None
OJSC 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
OJSC 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
OJSC VimpelCom	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 3.3% <sup>(1)</sup>	US\$632.4 ( 440.8)	October 15, 2011	None	None
OJSC 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
OJSC VimpelCom	Loan from Sberbank	13.0%	US\$591.4 (RUB 17,886.4)	February 13, 2013	None	None
OJSC VimpelCom	Loan from VC-Invest (funded by the RUR denominated bonds by VC-Invest)	15.2%	US\$330.6 (RUB 10,000.0)	July 12, 2011	OJSC VimpelCom	None
OJSC VimpelCom	Loan from VC-Invest (funded by the RUR denominated bonds by VC-Invest)	9.05%	US\$330.6 (RUB 10,000.0)	July 19, 2013	OJSC VimpelCom	None
OJSC VimpelCom	Loan from Sberbank	15.0%	US\$330.6 (RUB 10,000.0)	April 30, 2013	None	None
OJSC VimpelCom	Loan from UBS (Luxembourg) S.A. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A.)	8.0%	US\$278.5	February 11, 2010	None	None
OJSC VimpelCom	Loan from Sberbank	16.25%	US\$264.5 (RUB 8,000.0)	December 27, 2011	None	None
OJSC VimpelCom	Loan from Sberbank	11.0%	US\$250.0	December 27, 2012	None	Telecommunications equipment
Sovintel	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	3 months LIBOR plus 2.0%	US\$190.4	January 25, 2012	OJSC VimpelCom	None

VTB Bank (Deutschland)  
AG

Borrower	Type of debt/lender	Interest rate	Outstanding debt (In millions)	Maturity date	Guarantor	Security
OJSC 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
OJSC VimpelCom	Loans from Bayerische Hypo und Vereinsbank AG	AB SEK Rate plus 0.75%	US\$90.3	June 15, 2016	EKN	None
OJSC VimpelCom	Loan from HSBC Bank plc	6 month MOSPRIME plus 0.08%	US\$46.7	March 28, 2014	EKN	None
OJSC VimpelCom	Loan arranged by Citibank, N.A.	LIBOR plus 0.1%	US\$44.7	November 7, 2012	Euler Hermes Kreditversicherungs (Hermes)	None
OJSC VimpelCom	Loan from SvenskaHandelsbanken	LIBOR plus 0.325%	US\$42.7	November 30, 2012	Swedish Export Credits Guarantee Board (EKN)	None
Investelectrosvyaz	Cisco Capital	16.0%	US\$42.6 (RUB 1,410.0)	July 2012	OJSC VimpelCom	Telecom equipment
KaR-Tel	Loan from Bayerische Landesbank	LIBOR plus 0.38%	US\$28.4	December 27, 2012	Hermes Export Credit Agency	None
URS	Loan arranged by Standard Bank Plc, SMBCE and VTB Bank Europe plc	LIBOR plus 1.15%	US\$20.0	March 26, 2010	OJSC VimpelCom	None
Sotelco	Loan from China Construction Bank	LIBOR plus 2.1%	US\$19.4	June 2016	Sinosure	None
OJSC VimpelCom	Loan from Svenska Handelsbanken	LIBOR plus 0.325%	US\$14.9	May 20, 2011	EKN	None
Unitel	Equipment financing agreement with Huawei	8.0%	US\$14.6	Various dates through 2010	None	Network equipment
Other loans, equipment financing and capital lease obligations			US\$34.3			

(1) Interest rate was increased by 1.00% p.a. for 12 month period starting from effective date of the Amendment Agreements (May 6, 2009 and May 5, 2009, respectively).  
2010

On January 12, 2010, LLC VimpelCom-Invest, OJSC VimpelCom's consolidated Russian subsidiary, determined the interest rate for the fourth and subsequent payment periods on its Russian rouble-denominated bonds at 9.25%. The bonds were issued on July 25, 2008 in an aggregate principal amount of RUB 10.0 billion (US\$427.7 million at the exchange rate as of July 25, 2008). Bondholders had the right to put their bonds to VimpelCom-Invest through January 22, 2010, in accordance with the original terms of the bonds. On January 26, 2010, VimpelCom-Invest repurchased an aggregate principal amount of RUB 6.1 billion (or approximately US\$201.3 million at the exchange rate as of January 26, 2010) from bondholders who exercised their right to sell the bonds. All of the repurchased bonds were re-sold in the market by VimpelCom-Invest as of February 24, 2010.

OJSC VimpelCom may from time to time seek to retire or purchase its 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, OJSC VimpelCom's liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

### *Investing Activities*

OJSC VimpelCom's 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 its mobile networks and fixed-line business. In 2009, OJSC VimpelCom's 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 2009, OJSC VimpelCom 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*

OJSC VimpelCom's significant acquisitions and dispositions from 2007, 2008 and 2009 are summarized below.

In April 2007, OJSC VimpelCom entered into an agreement to sell a 33.3% ownership interest in its wholly-owned subsidiary, Freevale Enterprises, for a sale price of US\$20.0 million. Freevale 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 OJSC VimpelCom an option to acquire the entire remaining interest held by the purchaser and, simultaneously, OJSC VimpelCom granted the purchaser an option to sell to OJSC VimpelCom the entire remaining interest held by the purchaser.

On April 18, 2007, OJSC VimpelCom 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 1/9<sup>th</sup> of the final price paid by OJSC VimpelCom for the 90.0% of the shares of ArmenTel when it acquired ArmenTel in November 2006. In addition, in the third quarter of 2007, OJSC VimpelCom 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, OJSC VimpelCom acquired Closed Joint Stock Company Corporation Severnaya Korona, which holds GSM 900/1800 and D-AMPS licenses covering the Irkutsk Region. OJSC VimpelCom acquired 100.0% of the shares of Severnaya Korona for approximately US\$235.5 million. At the time of its acquisition, Severnaya Korona had approximately 571,000 subscribers.

On December 21, 2007, two of OJSC VimpelCom's 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 OJSC VimpelCom 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, OJSC VimpelCom's indirect wholly owned subsidiary was merged with and into Golden Telecom, and Golden Telecom became OJSC VimpelCom's 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, OJSC VimpelCom increased its share of ownership in Closed Joint Stock Company Cortec ( 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 transaction, OJSC VimpelCom and its subsidiary together now own 100.0% of the shares of Corbina Telecom. The step acquisition was recorded under the purchase method of accounting. OJSC VimpelCom's 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, OJSC VimpelCom has 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, OJSC VimpelCom and its wholly owned direct subsidiary, Ararima Enterprises Limited (Cyprus), 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. The other participants in GTEL-Mobile are Global Telecommunications Corporation ( GTEL ), a Vietnamese state-owned enterprise, and GTEL TSC, a subsidiary of GTEL. Subject to the conditions contained in the joint venture agreement 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\$266.6 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 joint venture agreement, including the registration of the GTEL-Mobile's GSM license and related frequencies.

On July 16, 2008, OJSC 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) for US\$28.0 million from Altimo, a related party of OJSC VimpelCom. The remaining 10.0% of Atlas is owned by a local partner, a Cambodian entrepreneur. OJSC VimpelCom has also acquired a call option to purchase the 10.0% interest of the local partner. The acquisition of Sotelco Ltd. was accounted for as an asset purchase of the telecom license through a variable interest entity. On acquisition, OJSC VimpelCom allocated approximately \$41.6 million to license, \$8.3 million to deferred tax liability and \$5.1 million to noncontrolling interest.

On October 23, 2008, OJSC VimpelCom through its subsidiary Ararima acquired 49.9% of the outstanding shares of Morefront Holdings Ltd. from Rambert Management Ltd. for approximately US\$226.0 million. Morefront owns 100.0% of the Euroset Group. As part of the transaction, OJSC 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.

#### *Other acquisitions and dispositions*

On July 1, 2008, OJSC VimpelCom exercised its option to acquire an additional 25.0% less one share of Limnotex for US\$561.8 million. Limnotex is the parent company of KaR-Tel, OJSC VimpelCom's operating subsidiary in Kazakhstan. As a result of the exercise, OJSC VimpelCom's 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. OJSC VimpelCom's 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, OJSC VimpelCom has 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, OJSC VimpelCom amended its existing contractual arrangements with 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 OJSC VimpelCom 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. OJSC VimpelCom was 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 OJSC VimpelCom is required to exercise the call option in full on a date which is after the delivery of KaR-Tel's 2014 financial statements.

During the year 2008, OJSC VimpelCom 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, OJSC VimpelCom 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) 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. Completion of the acquisition is subject to the satisfaction or waiver of certain conditions, including the receipt of regulatory approvals.

On December 30, 2009, LLC Golden Telecom (Ukraine) acquired 20.0% of the outstanding interests in its charter capital for total consideration of US\$18.2 million. Payment of US\$2.3 million of the total purchase price is subject to receipt of permission/license of the NBU.

#### *Other investing activities*

On February 13, 2008, OJSC VimpelCom advanced to Crowell a loan in the principal amount of US\$ 350.0 million at the interest rate of 10.0% under a loan agreement as of February 11, 2008 (the Crowell Loan Agreement). The loan was secured by 25.0% of the shares of Limnotex, the parent company of KaR-Tel. The loan agreement was entered into after Crowell acquired the entire issued share capital of Menacrest Limited, which is the parent company of LLC Sky Mobile, a mobile operator in Kyrgyzstan. Crowell granted OJSC VimpelCom 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 in other current assets. On May 29, 2009, OJSC VimpelCom agreed to amend the terms of the Crowell Loan Agreement to extend the maturity until February 11, 2014. In addition, the security interest granted by Crowell to OJSC VimpelCom over 25.0% of the shares of Limnotex was replaced by a security interest over 100.0% of the shares of Menacrest.



### ***Future Liquidity and Capital Requirements***

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

OJSC VimpelCom's capital expenditures during 2009 were approximately US\$814.1 million for the purchase of property and other long-lived assets compared to approximately US\$2,570.8 million during 2008 and US\$1,772.8 million during 2007. This decrease was mainly due to adverse economic conditions and historical traffic trends in response to which OJSC VimpelCom's management took a conservative 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 OJSC VimpelCom and most of its subsidiaries because it made some capital expenditures in functional currencies. OJSC VimpelCom's capital expenditures do not include investments made through acquisition of interests in companies.

OJSC VimpelCom expects that its capital expenditures in 2010 will mainly consist of network roll-out for both 2G and 3G and maintenance expenditures. OJSC VimpelCom's management expects its total capital expenditures in 2010 to be approximately 15.0-20.0% of its 2010 consolidated net operating revenues. In each of 2007, 2008 and 2009, OJSC VimpelCom's capital expenditures were 24.7%, 25.4% and 9.4% of its consolidated net operating revenues, respectively. The actual amount of OJSC VimpelCom's capital expenditures for 2010 will depend on market development and its performance.

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

cash it currently holds;

operating cash flows;

export credit agency guaranteed financing;

borrowings under bank financings, including credit lines currently available to it;

syndicated loan facilities; and

debt financings from Russian and international capital markets.

OJSC VimpelCom's management believes that funds from a number of these sources, coupled with cash on hand, will be sufficient to meet its projected capital requirements for the next twelve months. As of March 1, 2010, OJSC VimpelCom had US\$58.5 million available to it under existing credit lines.

OJSC VimpelCom's management expects positive cash flows from operations will continue to provide it with internal sources of funds. The availability of external financing is difficult to predict because it depends on many factors, including the success of OJSC VimpelCom's 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 OJSC VimpelCom will need to raise will be influenced by the actual pace of traffic growth over the period, network construction, OJSC VimpelCom's acquisition plans and its ability to continue revenue growth and stabilize ARPU.

### ***Contractual Obligations***

As of December 31, 2009, OJSC VimpelCom 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. OJSC VimpelCom expects to meet its payment requirements under these obligations with cash flows from its operations and other financing arrangements. For information relating to OJSC VimpelCom's outstanding indebtedness subsequent to December 31, 2009, see *Financing Activities 2010*.

	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
<b>Contractual Obligations:(1)</b>					
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					
<b>Total</b>	<b>7,545.2</b>	<b>1,925.5</b>	<b>2,737.1</b>	<b>1,234.4</b>	<b>1,648.1</b>

(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 OJSC VimpelCom's 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 OJSC VimpelCom's material contractual legal obligations for the future purchase of equipment and services. On August 13, 2008, OJSC VimpelCom entered into an agreement with Apple Sales International 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 2008 and 2009, OJSC VimpelCom made 12.0% and 0.5% of its total purchase installment contemplated by the agreement, respectively. In January and February 2010, OJSC VimpelCom made 1.6% of its total purchase installment contemplated by the agreement. The amounts do not include OJSC VimpelCom's obligation, if any, to purchase iPhones under its agreement with Apple as OJSC VimpelCom is unable to estimate the amount of such obligation.

#### Basis of Presentation of Financial Results

OJSC VimpelCom maintains its records and prepares its statutory financial statements in accordance with Russian accounting principles and tax legislation and in accordance with U.S. GAAP. OJSC VimpelCom's 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. OJSC VimpelCom's audited consolidated financial statements have been prepared in accordance with U.S. GAAP. They differ from OJSC VimpelCom's 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.

The OJSC VimpelCom Financial Statements include the accounts of OJSC VimpelCom and its consolidated subsidiaries. All inter-company accounts and transactions have been eliminated. OJSC VimpelCom has used the equity method of accounting for companies in which OJSC VimpelCom has significant influence. Generally, this represents voting stock ownership of at least 20.0% and not more than 50.0%.

OJSC VimpelCom and its subsidiaries paid taxes computed on income reported for local statutory tax purposes. OJSC VimpelCom 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, OJSC VimpelCom's effective tax charge was different under local tax rules and under U.S. GAAP.

#### **Certain Factors Affecting OJSC VimpelCom's Financial Position and Results of Operations**

OJSC VimpelCom's financial position and results of operations for 2009 as reflected in the OJSC VimpelCom Financial Statements have been influenced by the following additional factors:

##### ***Inflation***

Russia has experienced periods of high levels of inflation since the early 1990s. In 2006, OJSC VimpelCom introduced a number of Russian rouble-denominated tariff plans, which could expose OJSC VimpelCom to additional inflationary risk. Inflation affects the purchasing power of OJSC VimpelCom's mass market subscribers. For 2009, 2008 and 2007, inflation rates in Ukraine were 12.3%, 22.3% and 16.6%, respectively, in Kazakhstan 6.2%, 9.5% and 18.8%, respectively, in Uzbekistan 7.4%, 7.8% and 6.8%, respectively, in Armenia 3.4%, 5.5% and 6.6%, respectively, in Tajikistan 5.0%, 11.8% and 19.7%, respectively, in Georgia were 3.0%, 5.5% and 11.0%, respectively, and in Cambodia 5.3%, 19.7% and 4.7%, respectively.

##### ***Foreign Currency Translation***

The OJSC VimpelCom Financial Statements are presented in U.S. dollars. Amounts included in these financial statements were presented in accordance with SFAS No. 52 using the current rate method of currency translation with the U.S. dollar as the reporting currency.

*Russia.* The national currency of Russia is the Russian rouble. OJSC VimpelCom has determined that the functional currency for Russia is the Russian rouble. As of December 31, 2007, 2008 and 2009, the official CBR Russian rouble-U.S. dollar exchange rates were 24.5462, 29.3804 and 30.2442 Russian roubles per U.S. dollar, respectively. During 2009, the average Russian rouble-U.S. dollar exchange rate was 27.7% lower than the average Russian rouble-U.S. dollar exchange rate during 2008. During 2008, the average Russian rouble-U.S. dollar exchange rate was 2.9% higher than the average Russian rouble-U.S. dollar exchange rate during 2007.

*Kazakhstan.* The national currency of the Republic of Kazakhstan is the Kazakh tenge. OJSC VimpelCom has determined that the functional currency of its 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 December 31, 2007, 2008 and 2009, the official National Bank of Kazakhstan tenge-U.S. dollar exchange rates were 120.55, 120.77 and 148.36 Kazakh tenge per U.S. dollar, respectively. 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. OJSC VimpelCom has determined that the functional currency of its 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 December 31, 2007, 2008 and 2009, the official NBU hryvnia-U.S. dollar exchange rates were 5.05, 7.70 and 7.98 Ukrainian hryvnia per U.S. dollar, respectively. 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. OJSC VimpelCom has determined that the functional currency of its 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. OJSC VimpelCom has determined that the functional currency of its 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. OJSC VimpelCom has determined that the functional currency of its 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 December 31, 2007, 2008 and 2009, the official Central Bank of Armenia Armenian dram-U.S. dollar exchange rates were 304.57, 306.73 and 377.89 Armenian drams per U.S. dollar, respectively. 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. OJSC VimpelCom has determined that the functional currency of its 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 December 31, 2007, 2008 and 2009, the official Georgian lari-U.S. dollar exchange rates were 1.5916, 1.6670 and 1.6858 lari per U.S. dollar, respectively. 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.

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.

#### **Critical Accounting Policies**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual amounts may differ from these estimates. The following critical accounting policies require significant judgments, assumptions and estimates and should be read in conjunction with the OJSC VimpelCom Financial Statements.

#### ***Revenue Recognition***

OJSC VimpelCom earns service revenues for usage of its cellular system, which include airtime charges from contract and prepaid subscribers, monthly contract fees, interconnect fees from other mobile and fixed-line operators, roaming charges and charges for value added services. Interconnect revenues include revenues from mobile and fixed-line operators that were earned from the services rendered for traffic termination from other operators. Roaming revenues include both revenues from OJSC VimpelCom's customers who roam outside of their home country networks and revenues from other wireless carriers for roaming by their customers on OJSC VimpelCom's network. Value added services include SMS, MMS, caller number identification, voice mail, call waiting, data transmission, mobile Internet, music downloads and other services. The cost of content revenue relating to value added services is presented net of related costs when OJSC VimpelCom acts as an agent of the

content providers. Generally, these features generate additional revenues through monthly subscription fees or increased mobile usage through utilization of the features. Service revenue is generally recognized when the services (including value added services and roaming revenue) are rendered. Prepaid cards, used as a method of cash collection, are accounted 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. OJSC VimpelCom also uses E-commerce systems, retail offices and agent locations as channels for receiving customer payments. Revenue from Internet services is measured primarily by the time spent by subscribers online using Internet services. Revenue from service contracts is accounted for when the services are provided. Payments from customers for equipment are not recognized as revenue until installation and testing 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. OJSC VimpelCom 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.

OJSC VimpelCom's billing cycles cut-off times require it to estimate the amount of service revenue earned but not yet billed at the end of each accounting period. OJSC VimpelCom estimates its unbilled service revenue by reviewing the amounts subsequently billed and estimating the amounts relating to the previous accounting period based on the number of days covered by invoices and other relevant factors. Actual service revenues could be greater or lower than the amounts estimated due to the different usage of airtime in different days. OJSC VimpelCom has analyzed the potential differences and OJSC VimpelCom's management believes that historically such differences have not been material.

In line with SEC Staff Accounting Bulletin No. 104, Revenue Recognition in Financial Statements (ASC 605-10-S25-3, Revenue Recognition-Overall-SEC Recognition-Delivery and Performance), OJSC VimpelCom defers telecommunications connection fees. Deferred revenues are subsequently recognized over the estimated average customer lives under tariff plans, which provide for payment of connection fees and which are periodically reassessed by OJSC VimpelCom, and such reassessment may impact OJSC VimpelCom's future operating results.

#### ***Long Lived Assets and Impairments***

OJSC VimpelCom states its property and equipment at historical cost. OJSC VimpelCom depreciates its telecommunications equipment, including equipment acquired under capital leases, using the straight-line method over its estimated useful life of seven to nine years or the lease term, whichever is shorter. Fixed-line telecommunication equipment is depreciated using the straight-line method over its estimated useful life from three to twelve years. OJSC VimpelCom depreciates capitalized leasehold improvement expenses for base station positions using the straight-line method over the estimated useful life of seven years, or the lease term, whichever is shorter. OJSC VimpelCom depreciates buildings using the straight-line method over estimated useful lives of twenty years. Office and measuring equipment, vehicles and furniture are depreciated using the straightline method over estimated useful lives ranging from five to ten years. The actual economic lives may be different than OJSC VimpelCom's estimated useful lives, thereby resulting in different carrying value of OJSC VimpelCom's property and equipment. Changes in technology, OJSC VimpelCom's intended use of property and equipment or issues related to OJSC VimpelCom's ability to operate in an area due to licensing problems may cause the estimated useful lives or the value of these assets to change. OJSC VimpelCom performs periodic internal studies to confirm the appropriateness of the estimated useful economic lives of its property and equipment. These studies could result in a change in the depreciable lives of OJSC VimpelCom's property and equipment and, therefore, its depreciation expense in future periods.

OJSC VimpelCom accounts for impairment of long-lived assets, except for goodwill, in accordance with the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (ASC 360-10, Property, Plant and Equipment Overall). SFAS No. 144 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 an asset to future net 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. Impairment tests require estimates in respect of the grouping of long-lived assets. OJSC VimpelCom tests long-lived assets for impairment when there are indicators of impairment, such as: significant decrease in the market prices of long-lived assets, significant adverse change in the extent or manner in which long-lived assets are being used or in their physical condition, significant adverse change in legal factors or in the business climate that could affect the value of a long-lived assets, including an adverse action or assessment by a regulator, etc. The determination of whether there are impairment indicators requires judgment on OJSC VimpelCom's behalf. The use of different assumptions in OJSC VimpelCom's estimated future cash flows when determining whether the assets are impaired may result in additional impairment charge.

#### ***Goodwill and Intangible Assets***

Intangible assets consist primarily of telecommunication licenses, customer relationships, telephone line capacity, goodwill and other intangible assets. OJSC 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. OJSC 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.

The actual economic lives of intangible assets may be different than OJSC VimpelCom's estimated useful lives, thereby resulting in a different carrying value of its intangible assets with finite lives. In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, OJSC VimpelCom continues to evaluate the amortization period for intangible assets with finite lives to determine whether events or circumstances warrant revised amortization periods. These evaluations could result in a change in the amortizable lives of OJSC VimpelCom's intangible assets with finite lives and, therefore, OJSC VimpelCom's amortization expense in future periods. Historically, OJSC VimpelCom has had no material changes in estimated useful lives of its intangible assets.

In accordance with ASC 350-10 (SFAS No. 142), OJSC 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 OJSC VimpelCom's eight geographic reporting units to its carrying amount, including goodwill. In performing the first step, OJSC VimpelCom 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, OJSC VimpelCom 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 discounted cash flow ( 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. OJSC VimpelCom 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 its 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.

OJSC VimpelCom did not have an impairment loss in 2009, but it recorded an impairment loss of US\$442.7 million in 2008. For details regarding OJSC VimpelCom's impairment loss and write down of long-lived assets in 2008, please see Note 10 to the OJSC VimpelCom Financial Statements.

#### ***Allowance for Doubtful Accounts***

The allowance estimation process requires management to make assumptions based on historical results, future expectations, the economic and competitive environment, and other relevant factors. Allowances for doubtful accounts receivable are maintained based on historical payment patterns, aging of accounts receivable and actual collection history. OJSC VimpelCom maintains allowances for doubtful accounts for estimated losses from its subscribers' inability to make payments that they owe to OJSC VimpelCom. In order to estimate the appropriate level of this allowance, OJSC VimpelCom analyzes historical bad debts and changes in its customer payment patterns. If the financial condition of OJSC VimpelCom's subscribers were to deteriorate and to impair their ability to make payments to OJSC VimpelCom, additional allowances might be required in future periods. Changes to allowances may be required if the financial condition of OJSC VimpelCom's customers improves or deteriorates or if OJSC VimpelCom adjusts its credit standards for new customers, thereby resulting in collection patterns that differ from historical experience.

#### ***Valuation Allowance for Deferred Tax Assets***

OJSC VimpelCom records valuation allowances related to tax effects of deductible temporary differences and loss carry forwards 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, reversals of the various taxable temporary differences and the consideration of any available tax planning strategies. Each of these approaches to estimating future taxable income includes substantial judgment and assumptions related to, among other things, OJSC VimpelCom's expected levels of future taxable profits, the timing pattern of reversing future taxable differences and OJSC VimpelCom's abilities to actually implement a tax planning strategy. As of December 31, 2009, OJSC VimpelCom's deferred tax asset was US\$91.5 million net of allowance of US\$108.9 million.

### ***Business Combinations***

OJSC VimpelCom has entered into certain acquisitions in the past and may make additional acquisitions in the future. OJSC VimpelCom's financial statements are impacted by the manner in which it allocates the purchase price in a business combination, as assets that are considered to be wasting will reduce future operating results, whereas goodwill and certain other intangible assets are of a non-amortizing nature, therefore there is no income statement impact.

As part of OJSC VimpelCom's purchase price allocation, it is necessary to develop the appropriate purchase price paid, which includes the fair value of securities issued and any contingent consideration. In general, OJSC VimpelCom does not issue securities for its acquisitions. After the purchase price is established, OJSC VimpelCom has to allocate that to the underlying assets acquired and liabilities assumed, therefore assets and liabilities that are not originally reflected in the acquired entity need to be assessed and valued. This process requires significant judgment on OJSC VimpelCom's part as to what those assets and liabilities are and how they should be valued. The valuation of the individual assets, in particular intangible assets related to assets such as customer intangibles, brands, etc., require OJSC VimpelCom to make significant assumptions, including, among others, the expected future cash flows, the appropriate interest rate to value those cash flows and expected future customer churn rates. All of these factors, which are generally developed in conjunction with the guidance and input of professional valuation specialists, require judgment and estimates. A change in any of these estimates or judgments could change the amount of the purchase price to be allocated to the particular asset or liability. The resulting change in the purchase price allocation to a non-goodwill asset or liability has a direct impact on the residual amount of the purchase price that cannot be allocated, referred to as goodwill.

### ***Stock-based Compensation***

As of January 1, 2006, OJSC VimpelCom adopted SFAS No. 123 (revised 2004) Share Based Payment (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. Under SFAS No. 123R, 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; pro forma disclosure is no longer permitted. 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 assessment of the fair value of a stock-based compensation award requires OJSC VimpelCom to use a significant amount of judgment as it relates to the variables used in the valuation model. Historically, OJSC VimpelCom has used the Black Scholes option pricing model. The Black Scholes model requires OJSC VimpelCom to estimate the expected volatility, life of the options, risk free rate and its expected dividend yield. Modifications to one or more of these inputs could change the fair value of the option, which in turn would change OJSC VimpelCom's reported stock-based compensation expense and its estimated liability to settle these options.

OJSC VimpelCom also has stock-based compensation in the form of cash settled stock appreciation rights. These instruments, which are recorded as liabilities, are remeasured based on the 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 stock-based compensation.

### ***Recent Accounting Pronouncements***

In September 2006, the FASB issued 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. OJSC VimpelCom measures financial assets and financial liabilities at fair value on a recurring basis where it is required by other GAAP. ASC 820 is effective for nonfinancial assets and liabilities for fiscal years beginning after November 15, 2008. OJSC VimpelCom adopted ASC 820 for nonfinancial assets and liabilities on January 1, 2009, which did not have a material impact on OJSC 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 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. 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, 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), OJSC VimpelCom 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. OJSC VimpelCom adopted SFAS No.141(R) (ASC 805) and SFAS No.160 (ASC 810-10) on January 1, 2009 prospectively, except for classification of non-controlling interest and disclosure that shall be applied retrospectively for all periods presented.

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 OJSC VimpelCom 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 OJSC VimpelCom's quarterly disclosures but did not have an impact on OJSC VimpelCom's financial position and results of operations.

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 OJSC VimpelCom's disclosure relative to the subsequent events (Note 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 OJSC VimpelCom is currently evaluating its impact on its 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. OJSC VimpelCom is currently evaluating its impact on its 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 OJSC 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 disclose 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 OJSC VimpelCom's disclosures relative to fair value measurements.

#### **Off-balance Sheet Arrangements**

OJSC VimpelCom did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

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

OJSC VimpelCom is exposed to market risk from adverse movements in foreign currency exchange rates and changes in interest rates on its obligations. In accordance with OJSC VimpelCom's policies, it does not enter into any treasury management transactions of a speculative nature.

Historically, OJSC VimpelCom's tariff plans for mobile services in Russia, its biggest market, have been linked to the U.S. dollar. However, in 2006, OJSC VimpelCom introduced a number of Russian rouble-

denominated tariff plans and fixed its Russian rouble/U.S. dollar exchange rate at 28.7 for all U.S. dollar linked tariff plans. In 2006, OJSC VimpelCom also changed the functional currency of its Russian operations from the U.S. dollar to the Russian rouble and in the third and fourth quarters of 2006, amended the terms of most of its supplier agreements for payment to be made in Russian roubles instead of U.S. dollars. Nonetheless, a significant amount of OJSC VimpelCom's costs, expenditures and liabilities continue to be denominated in U.S. dollars. OJSC VimpelCom is required to collect revenues from its subscribers and from other Russian telecommunications operators for interconnect charges in Russian roubles. OJSC VimpelCom holds part of its readily available cash in U.S. dollars and Euros in order to manage against the risk of rouble devaluation. In 2008 and 2009, OJSC VimpelCom entered into forward, swap and option agreements (to buy U.S. dollars for Russian roubles) with BNP Paribas, Citibank, Deutsche Bank, VTB and certain other banks to economically hedge its obligations. In accordance with OJSC VimpelCom's treasury policy, it economically hedged a significant portion of its financial obligations due in 2010. Nonetheless, if the U.S. dollar or Euro value of the Russian rouble were to dramatically decline, OJSC VimpelCom could have difficulty repaying or refinancing its foreign currency denominated indebtedness. An increase in the Russian rouble 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 rouble value of OJSC VimpelCom's U.S. dollar or Euro denominated liabilities. Accordingly, fluctuations in the value of the Russian rouble against the U.S. dollar or the Euro could adversely affect OJSC VimpelCom's financial condition and results of operations.

In order to minimize OJSC VimpelCom's foreign exchange exposure to fluctuations in the Russian rouble exchange rate, OJSC VimpelCom is migrating some of its U.S. dollar based costs to Russian rouble based costs to balance assets and liabilities and revenues and expenses denominated in Russian roubles. However, this migration might increase OJSC VimpelCom's cost exposure to Russian rouble inflationary pressure. Some of OJSC VimpelCom's equipment financing obligations are denominated in Euros, which exposes it to risks associated with the changes in Euro exchange rates. OJSC VimpelCom's treasury function has developed risk management policies that establish guidelines for limiting foreign currency exchange rate risk.

The following table summarizes information, as of December 31, 2009, about the maturity of OJSC VimpelCom's financial instruments that are sensitive to foreign currency exchange rates, including foreign currency denominated debt obligations.

Aggregate nominal amount of total debt denominated in foreign currency outstanding at year-end (in millions of U.S. dollars or euros, as indicated):

	2009	2010	2011	2012	2013	2014	Thereafter	Fair Value as of December 31, 2009
<b>Total debt:</b>								
Fixed Rate (US\$)	3,132.1	2,835.4	2,650.6	2,400.6	1,600.0	1,600.0	1,600.0	3,328.6
Average interest rate	8.8%	8.8%	8.9%	8.7%	8.8%	8.8%	8.8%	
Variable Rate (€)	648.3	322.7						652.7
Average interest rate	3.9%	3.9%						
Variable Rate (US\$)	1,634.3	672.7	134.8	59.7	41.4	23.1	4.8	1,607.0
Average interest rate	2.5%	2.5%	2.3%	3.0%	3.0%	3.0%	2.9%	
	<b>5,414.7</b>	<b>3,830.8</b>	<b>2,785.4</b>	<b>2,460.3</b>	<b>1,641.4</b>	<b>1,623.1</b>	<b>1,604.8</b>	<b>5,588.3</b>

***OJSC VimpelCom USD/RUB zero-cost collars Derivative Instruments***

As of December 31, 2009, the total notional amount of OJSC VimpelCom's derivative instruments, consisting of a Sovintel interest rate swap instrument, amounted to US\$156.0 million. This derivative is considered to be an economic hedge, but for financial accounting purposes it has not been accounted for as a hedge.

<b>Type of derivative</b>	<b>Hedged Risk</b>	<b>Notional amount</b>	<b>Mark to Market Spot (Clean Price) as of December 31, 2009 (US\$ in millions)</b>
<b>Interest Rate Swaps</b>		<b>156</b>	<b>(5.1)</b>
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	156	(5.1)

OJSC VimpelCom's cash and cash equivalents are not subject to any material interest rate risk.

## **Related Party Transactions**

### ***Agreements with Alfa Group and Telenor***

#### *Registration Rights*

Eco Telecom, Telenor East Invest and OJSC VimpelCom entered into a registration rights agreement on May 30, 2001, which provides Eco Telecom and Telenor East Invest with demand and piggyback registration rights with respect to the OJSC VimpelCom ADSs and OJSC VimpelCom common shares but not with respect to any warrants or other securities convertible into or exchangeable for OJSC VimpelCom common shares. Demand and piggyback registration rights may be assigned to permitted transferees and other persons who hold, in the aggregate, at least 25.0% plus one share of OJSC VimpelCom's voting capital stock.

Pursuant to the demand registration right, if OJSC VimpelCom receives a written request from Eco Telecom or Telenor East Invest to effect a registration of OJSC VimpelCom ADSs or OJSC VimpelCom common shares under the Securities Act, the anticipated aggregate offering price of which exceeds US\$20.0 million, OJSC VimpelCom will, subject to exceptions, as soon as practicable after receipt of the demand, use its best efforts to effect a registration covering these securities. The registration rights agreement also provides that OJSC VimpelCom will not, without the prior written consent of Eco Telecom and Telenor East Invest, include any of its securities, or the securities of any other person, in any such registration.

Pursuant to the piggyback registration right, if OJSC VimpelCom registers any of its securities in connection with an underwritten offering and sale for cash, either for its own account or the account of another one of its shareholders exercising its demand registration right, then OJSC VimpelCom will, subject to limited exceptions, include any OJSC VimpelCom ADSs and OJSC VimpelCom common shares that Eco Telecom or Telenor East Invest requests to be included in that registration. Any single request made by Eco Telecom or Telenor East Invest pursuant to its piggyback registration right may not exceed an aggregate of 50.0% of the OJSC VimpelCom ADSs or OJSC VimpelCom common shares that it owns at the time of such request, unless it holds less than 7.5% of the issued and outstanding OJSC VimpelCom common shares at such time. The piggyback registration right, however, is conditioned on Eco Telecom or Telenor East Invest and their respective affiliates owning or controlling at least 5.0% of the outstanding OJSC VimpelCom common shares.

In addition, the rights and obligations of each of Eco Telecom and Telenor East Invest under the registration rights agreement, other than indemnification rights and obligations, will terminate on the date that such shareholder and its affiliates owns less than 5.0% of issued and outstanding OJSC VimpelCom common shares.

#### *Restrictions on Share Transfers; Non-competition Agreement*

In connection with agreements signed on May 30, 2001, Eco Telecom and Telenor East Invest agreed to transfer restrictions regarding OJSC VimpelCom shares. Those restrictions include a prohibition on transfers to OJSC VimpelCom's direct competitors.

In addition, subject to a few specific exceptions, Telenor East Invest and Eco Telecom have agreed not to, and have agreed not to permit any of their respective affiliates to, engage in wireless mobile telecommunications businesses in Russia or own or control, directly or indirectly, more than 5.0% of the voting capital stock of any person or company engaged in a wireless mobile telecommunication business in Russia, other than OJSC VimpelCom and its controlled subsidiaries and investments held prior to May 30, 2001. These restrictions apply to Telenor East Invest and Eco Telecom and their respective affiliates so long as they collectively own at least 25.0% plus one share of OJSC VimpelCom's voting capital stock.

### ***Agreements with Telenor***

In October 2003, OJSC VimpelCom entered into a service obligation agreement with a subsidiary of Telenor that requires Telenor to provide OJSC VimpelCom 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 and other services. That agreement expired in September 2005 and was replaced, with effect from September 2005, by two new agreements, a general agreement for the provision of personnel services and a general services agreement, both of which were approved by OJSC VimpelCom's board of directors on February 3, 2006. Under the general agreement for the provision of personnel services, Telenor assigned certain of its personnel to OJSC VimpelCom or its affiliates at OJSC VimpelCom's request. The fees payable were stated in offers issued by Telenor in response to OJSC VimpelCom's requests for personnel. The fees varied depending on the number, experience and specialization of the personnel provided under the agreement. In 2007, OJSC VimpelCom made no payments to Telenor under this agreement. The general agreement for the provision of personnel services expired on December 1, 2007, and was not renewed.

Under the general services agreement, Telenor renders to OJSC VimpelCom or its 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 OJSC VimpelCom. OJSC VimpelCom pays 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), OJSC VimpelCom 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 2007, 2008 and 2009, OJSC VimpelCom paid Telenor approximately US\$0.5 million, US\$0.6 million and US\$0.6 million, respectively, under this agreement. This agreement expires on December 1, 2010.

### ***Agreements with Alfa Group***

#### *Service Obligation Agreement*

In July 2006, OJSC VimpelCom entered into a service obligation agreement with a subsidiary of Alfa Group that requires Alfa Group to provide OJSC VimpelCom 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 roubles at a fixed exchange rate of RUB 31.0 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), OJSC VimpelCom must pay to Alfa Group an additional service fee equal to the U.S. dollar equivalent of RUB 27,000 per person for each day of work performed on the engagement. In 2007, 2008 and 2009, OJSC VimpelCom paid Alfa Group approximately US\$1.7 million, US\$1.3 million and US\$1.8 million, respectively, under this agreement. This agreement expires on December 1, 2010.

#### *Alfa Bank*

OJSC VimpelCom maintains some of its bank accounts at Alfa Bank, which is part of Alfa Group. From time to time, OJSC VimpelCom also places time deposits with Alfa Bank. Under the terms of OJSC VimpelCom's board of directors' approval, there is a US\$200.0 million limit on the amount of OJSC VimpelCom's deposits and cash balances that may be held at Alfa Bank. As of December 31, 2009, OJSC VimpelCom had balances at Alfa Bank of approximately US\$75.0 million in deposit accounts and US\$101.5 million in current accounts.

OJSC VimpelCom currently has an agreement with Alfa Bank that allows them to send SMSs to OJSC VimpelCom's subscribers who also are clients of Alfa Bank. Alfa Bank and other entities within Alfa Group are corporate clients of OJSC VimpelCom.



In addition, OJSC VimpelCom currently has an agreement with Alfa Bank, which will allow OJSC VimpelCom subscribers to recharge online their OJSC 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. The agreement expires in March 2011.

*Alfa Strakhovaniye*

Since February 2007, property and equipment and certain construction risks of OJSC VimpelCom and some of its 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, OJSC VimpelCom entered into an agreement with AlfaStrakhovanie PLC for provision of travel insurance to OJSC VimpelCom's employees in the amount of up to RUB 16.0 million. In March 2009, OJSC VimpelCom entered into a collective insurance agreement with Alfa Strakhovaniye-Life for life insurance in the amount of up to approximately RUB 4.1 million (VAT is not imposed) for the period from January 1, 2009 until December 31, 2010.

*Agreements with Golden Telecom*

At the time of OJSC VimpelCom's acquisition of 100% of Golden Telecom's common stock in February 2008, Alfa Group and Telenor reportedly owned approximately 26.6% and 18.3%, respectively, of Golden Telecom's common stock. The material commercial and strategic agreements between OJSC VimpelCom and Golden Telecom and its subsidiaries from 2007 until completion of OJSC VimpelCom's acquisition of Golden Telecom are described below.

*Acquisition of Golden Telecom*

On December 21, 2007, two of OJSC VimpelCom's subsidiaries and Golden Telecom signed a definitive merger agreement pursuant to which an indirect wholly owned subsidiary of OJSC 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\$105.0 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, OJSC VimpelCom's indirect wholly owned subsidiary was merged with and into Golden Telecom, and Golden Telecom became OJSC VimpelCom's indirect wholly owned subsidiary. The total purchase price for 100% of Golden Telecom's shares was US\$4,316.2 million.

*Commercial Agreements with Sovintel*

OJSC VimpelCom and Sovintel, which is a wholly owned subsidiary of Golden Telecom, entered into commercial agreements in the ordinary course of business, including agreements for the provision of services for interconnect, traffic transit, WiFi roaming, common construction of an inter-city fiber optic link in the regions of Russia, and the right to use certain federal telephone numbers and certain services associated with such use. In 2007, OJSC VimpelCom paid Sovintel approximately US\$48.6 million under these agreements. In 2007, Sovintel paid OJSC VimpelCom approximately US\$21.4 million under these agreements.

In December 2006, OJSC VimpelCom entered into agreements with Sovintel for access to services for local, intertoll and international telephone communications. The term of these agreements is five years and the total amount to be paid by OJSC VimpelCom to Sovintel during the term of these agreements is approximately US\$51.1 million.

**Open Joint Stock Company Vimpel-Communications**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the years**

**ended December 31, 2009, 2008 and 2007**

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**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 ACS 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.

/s/ Ernst & Young LLC

Moscow, Russia

March 18, 2010

## Open Joint Stock Company Vimpel-Communications

## CONSOLIDATED BALANCE SHEETS

*(In thousands of US dollars, except share amounts)*

	Note	December 31, 2009	December 31, 2008
<b>Assets</b>			
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
<b>Total current assets</b>		<b>2,966,608</b>	<b>2,406,507</b>
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
<b>Total assets</b>		<b>\$ 14,732,541</b>	<b>\$ 15,725,153</b>
<b>Liabilities, redeemable noncontrolling interest and equity</b>			
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
<b>Total current liabilities</b>		<b>3,414,350</b>	<b>3,814,302</b>
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	24		
<b>Total liabilities</b>		<b>9,715,364</b>	<b>11,115,307</b>
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)
<b>Total VimpelCom shareholders equity</b>		<b>4,506,543</b>	<b>4,107,488</b>

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Noncontrolling interest	1,966	32,754
<b>Total equity</b>	<b>4,508,509</b>	<b>4,140,242</b>
<b>Total liabilities, redeemable noncontrolling interest and equity</b>	<b>\$ 14,732,541</b>	<b>\$ 15,725,153</b>

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

F-2

## Open Joint Stock Company Vimpel-Communications

## CONSOLIDATED STATEMENTS OF INCOME

*(In thousands of US dollars, except share (ADS) amounts)*

	Note	Years ended December 31,		
		2009	2008	2007
<b>Operating revenues:</b>				
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
<b>Total operating revenues</b>		<b>8,710,562</b>	<b>10,124,986</b>	<b>7,174,880</b>
Revenue based tax		(7,660)	(8,054)	(3,782)
<b>Net operating revenues</b>		<b>8,702,902</b>	<b>10,116,932</b>	<b>7,171,098</b>
<b>Operating expenses:</b>				
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
<b>Total operating expenses</b>		<b>6,124,547</b>	<b>7,580,982</b>	<b>4,964,908</b>
<b>Operating income</b>		<b>2,578,355</b>	<b>2,535,950</b>	<b>2,206,190</b>
<b>Other income and expenses:</b>				
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
<b>Total other income and expenses</b>		<b>(1,025,994)</b>	<b>(1,644,716)</b>	<b>(85,834)</b>
Income before income taxes		1,552,361	891,234	2,120,356
Income tax expense	18	435,030	303,934	593,928
<b>Net income</b>		<b>1,117,331</b>	<b>587,300</b>	<b>1,526,428</b>
Net (loss)/income attributable to the noncontrolling interest		(4,499)	62,966	63,722
<b>Net income attributable to VimpelCom</b>		<b>\$ 1,121,830</b>	<b>\$ 524,334</b>	<b>\$ 1,462,706</b>
Basic EPS :	21			
<b>Net income attributable to VimpelCom per common share</b>		<b>\$ 21.71</b>	<b>\$ 10.32</b>	<b>\$ 28.78</b>
Weighted average common shares outstanding (thousand)		50,647	50,700	50,818
<b>Net income attributable to VimpelCom per ADS equivalent</b>		<b>\$ 1.09</b>	<b>\$ 0.52</b>	<b>\$ 1.44</b>
Diluted EPS :	21			
<b>Net income attributable to VimpelCom per common share</b>		<b>\$ 21.69</b>	<b>\$ 10.32</b>	<b>\$ 28.78</b>
Weighted average diluted shares (thousand)		50,678	50,703	50,818
<b>Net income attributable to VimpelCom per ADS equivalent</b>		<b>\$ 1.08</b>	<b>\$ 0.52</b>	<b>\$ 1.44</b>

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Dividends per share		\$	<b>6.30</b>	\$	11.46	\$	6.47
Dividends per ADS equivalent	<b>16</b>	\$	<b>0.31</b>	\$	0.57	\$	0.32

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

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## Open Joint Stock Company Vimpel-Communications

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME

Years ended December 31, 2009, 2008 and 2007

*(In thousands of US dollars, except shares)*

	Common Stock		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
	Shares	Amount									
<b>Balances at December 31, 2006</b>	51,281,022	\$92	\$ 1,382,522	\$ 2,195,713	\$423,088	\$(58,505)	<b>\$3,942,910</b>	\$257,859	<b>\$ 4,200,769</b>		
Issuance of treasury stock 100,113 shares			30,881			8,906	<b>39,787</b>		<b>39,787</b>		
Repurchase of treasury stock 10,000 shares (Note 16)						(81,069)	<b>(81,069)</b>		<b>(81,069)</b>		
Dividends declared				(326,595)			<b>(326,595)</b>		<b>(326,595)</b>		
Option of N 48 (Note 16)				(4,108)			<b>(4,108)</b>	(4,092)	<b>(8,200)</b>		
Acquisition of noncontrolling interests								(41,465)	<b>(41,465)</b>		
Comprehensive income:											
Foreign currency translation adjustment					378,155		<b>378,155</b>	12,386	<b>390,541</b>		
Net income				1,462,706			<b>1,462,706</b>	63,722	<b>1,526,428</b>		1,526,428
Net change in accumulated comprehensive income				1,462,706	378,155		<b>1,840,861</b>	76,108	<b>1,916,969</b>		
<b>Balances at December 31, 2007</b>	51,281,022	92	1,413,403	3,327,716	801,243	(130,668)	<b>5,411,786</b>	288,410	<b>5,700,196</b>		
Issuance of treasury stock 40,568 shares			19,993			5,495	<b>25,488</b>		<b>25,488</b>		
Repurchase of treasury stock 10,000 shares (Note 16)						(114,476)	<b>(114,476)</b>		<b>(114,476)</b>		
Option of equity method stock option in accounting			12,030				<b>12,030</b>		<b>12,030</b>		
Dividends declared				(580,172)			<b>(580,172)</b>		<b>(580,172)</b>		
Acquisition of noncontrolling interests								(106,722)	<b>(106,722)</b>		





## Open Joint Stock Company Vimpel-Communications

## CONSOLIDATED STATEMENTS OF CASH FLOWS

*(In thousands of US dollars)*

	Years ended December 31,		
	2009	2008	2007
<b>Operating activities</b>			
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		