

OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS

Form 425

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Filed by Telenor ASA

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Subject Company: Open Joint Stock Company Vimpel-Communications

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**The following excerpts are from Telenor ASA's fourth quarter 2009 interim report published on February 10, 2010, the accompanying slide presentation and additional supplemental financial data posted on Telenor ASA's website**

**Management interim report**

Telenor's operations

Unless otherwise stated, the statements below are related to Telenor's development in the fourth quarter of 2009 compared to the fourth quarter of 2009.

[text omitted]

On 4 October 2009 Telenor and Altimo entered into an agreement to contribute their respective shareholdings in Kyivstar and OJSC VimpelCom in exchange for shares in a new company, VimpelCom Ltd. The arbitration and court proceedings between the parties relating to OJSC VimpelCom and Kyivstar have now been halted or withdrawn without prejudice, pending closing of the transaction. At the time of closing of the transaction, the current arbitration case and all other pending disputes between the parties will be withdrawn. Furthermore, the withdrawal or cancellation and dismissal of the Farimex case, described under Outlook, Risks and Uncertainties, at no cost or loss to Telenor is a condition to closing of the transaction.

Subject to receiving the required regulatory and other approvals, VimpelCom Ltd. has made an offer whereby OJSC VimpelCom shares and ADRs will be exchanged for Depositary Receipts (DRs) representing shares in VimpelCom Ltd. (the Exchange Offer). Immediately following a successful completion of the Exchange Offer, Telenor and Altimo will contribute their respective shareholdings in Kyivstar in exchange for shares in VimpelCom Ltd. The parties expect to complete the proposed Exchange Offer and the other related transactions by mid-2010, following which VimpelCom Ltd. intends to delist OJSC VimpelCom from the New York Stock Exchange.

Upon completion of both the Exchange Offer and the contribution of Kyivstar shares, Telenor will hold a 38.84% economic ownership in VimpelCom Ltd., while Altimo's economic ownership will be 38.46% and the remaining 22.70% will be free float, assuming 100% acceptance of the Exchange Offer.

VimpelCom Ltd. is incorporated in Bermuda, is headquartered in the Netherlands, and will be listed on the New York Stock Exchange.

**Additional Information related to the Exchange Offer**

In connection with the Exchange Offer by VimpelCom Ltd. to acquire all outstanding shares of OJSC VimpelCom, VimpelCom Ltd. has filed with the United States Securities and Exchange Commission (the SEC) a registration statement on Form F-4, which includes a prospectus and related Exchange Offer acceptance materials, to register shares of VimpelCom Ltd. in exchange for OJSC VimpelCom shares held by U.S. persons and OJSC VimpelCom American Depositary Shares held by all holders, wherever located. Holders of OJSC VimpelCom securities are urged to carefully read the registration statement (including the prospectus), and any other documents relating to the Exchange Offer filed with the SEC, as well as any amendments and supplements to those documents, because they contain important information. Free copies of the registration statement, including the prospectus and related Exchange Offer acceptance materials, and other relevant documents filed with the SEC in respect of the Exchange Offer, can be obtained at the SEC's website at [www.sec.gov](http://www.sec.gov) or from VimpelCom Ltd. at its website at [www.vimpelcomlimited.com](http://www.vimpelcomlimited.com).

[text omitted]

**CENTRAL AND EASTERN EUROPE**

Kyivstar Ukraine

(NOK in millions)	4th quarter		Year	
	2009	2008	2009	2008
<b>Revenues</b>				
Subscription and traffic	1 512	2 748	6 839	10 607
Interconnect revenues	478	739	1 887	2 911
Other mobile revenues	39	12	150	171
Non-mobile revenues	51	54	171	145
<b>Total revenues</b>	<b>2 080</b>	<b>3 553</b>	<b>9 047</b>	<b>13 834</b>
<b>EBITDA before other items</b>	<b>1 057</b>	<b>1 808</b>	<b>5 076</b>	<b>8 058</b>
<b>Operating profit</b>	<b>669</b>	<b>1 169</b>	<b>3 608</b>	<b>6 077</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>50,8</b>	<b>50,9</b>	<b>56,1</b>	<b>58,2</b>
Capex	231	866	1 016	2 096
No. of subscriptions (in thousands):				
- Change in quarter / Total	(263)	75	22 022	23 531
ARPU - monthly (NOK)	30	50	32	48
Exchange rate			0,7807	1,0794

The figures for Kyivstar are included under associated companies. At the end of the fourth quarter of 2009 Telenor's ownership interest in Kyivstar was 56.5%. The Kyivstar figures in this interim report are unaudited.

Kyivstar maintained its position as the market leader in Ukraine, with an estimated revenue market share of around 50%.

The number of subscriptions decreased by 263,000 during the quarter mainly due to churn of summer tourists and churn in the youth segment. Retention activities launched in the youth segment have contributed to stabilised churn over the last two quarters of 2009. The estimated subscription market share remained stable at around 40%.

ARPU in local currency decreased by 8%, mainly reflecting the current macroeconomic situation, however compared to the previous quarters this year, ARPU remained stable.

Total revenues in local currency decreased by 11% primarily due to lower ARPU and the decrease in subscription base. This was slightly offset by the reversal of a portion of the one-time corrections made to interconnect revenues in the third quarter.

Despite the revenues decline, Kyivstar managed to maintain a strong EBITDA margin.

Capital expenditure in the fourth quarter was mainly spent on capacity upgrades. Compared to last year there was a decrease in investments as a result of adjusting network investments to subscription and traffic development.

[text omitted]



## **TRANSACTIONS WITH RELATED PARTIES**

For detailed information on related party transactions refer to Note 33 in Telenor's Annual Report for 2008. In addition to transactions described in the Annual Report the following new significant related party transactions occurred in 2009:

On 1 June 2009, the extraordinary general meeting of shareholders (EGMS) of Kyivstar approved total dividends of UAH 4.6 billion (approximately NOK 3.8 billion) for the fiscal years 2006 and 2007. Telenor's share of the dividends of NOK 2.1 billion was received as of 30 June 2009.

On 1 September 2009, the EGMS of Kyivstar approved total dividends of UAH 1.9 billion (approximately NOK 1.4 billion) for the fiscal year of 2008, of which Telenor has received its appropriate share as of 31 December 2009. The dividend distributed was a proportion of total profit of UAH 5.1 billion for the fiscal year of 2008.

On 17 December 2009, the EGMS of VimpelCom approved total dividends of USD 323 million for the first nine months of 2009 of which Telenor has received NOK 500 million as of 31 December 2009.

## **OUTLOOK FOR 2010**

[text omitted]

### **VimpelCom**

#### **Farimex Products, Inc - Telenor East Invest et.al.**

On 2 March 2009, the Eighth Arbitrazh Appellate Court in Omsk handed down a ruling, holding Telenor East Invest liable for USD 1.73 billion in damages as a result of a claim by Farimex Products Inc. According to Russian rules, the ruling was immediately effective and enforceable. The ruling was appealed to the Court of the West Siberia District, Tyumen (the Tyumen Court).

On 12 March 2009, Telenor East Invest obtained confirmation that 15,337,854 of its shares in VimpelCom had been arrested by enforcement officers.

On 12 May 2009, Telenor East Invest filed a motion with the Moscow Arbitrazh Court seeking to nullify the 27 April ruling in the Federal Service of Enforcement Officers (the Bailiff's Service) imposing an enforcement fee of USD 121.0 million on Telenor East Invest and to suspend the enforcement on that ruling until such motion could be heard. On 17 July, 2009, the Moscow Arbitrazh Court denied Telenor's motion. On 15 October 2009, the appellate court denied Telenor's appeal.

On 7 July 2009, Telenor filed a motion within the Moscow Arbitrazh Court to halt the transfer of the assignment to sell Telenor's shares in VimpelCom to Rosimuschestvo (The Federal Property Management Agency). On 28 July 2009, the Moscow Arbitrazh Court denied Telenor's motion. On 6 October 2009, the appellate court in Moscow denied Telenor's appeal.

On 30 September 2009, the Tyumen Court, adjourned the hearing of Telenor East Invest AS's appeal of the ruling of the Eighth Arbitrazh Appellate Court in Omsk holding Telenor East Invest liable for USD 1.73 billion in damages as a result of a claim by Farimex Products, Inc. The hearing was postponed until 24 March 2010.

Based on the advice of our Russian lawyers, we believe Farimex's claims lack merit and that Telenor East Invest has strong legal defences to such claims and are therefore of the opinion that it is more likely than not that this case would not have a material adverse effect on the financial position of the Group, and accordingly no provision has been made for any liability or loss of shares in these financial statements.

## **DISCLAIMER**

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section Outlook for 2010 contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating

substantially from what has been expressed or implied in such statements.

[text omitted]

**NOTE 1 GENERAL ACCOUNTING PRINCIPLES**

Telenor (the Group) consists of Telenor ASA (the Company) and its subsidiaries. Telenor ASA is a limited company, incorporated in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint ventures. As a result of rounding difference, numbers or percentages may not add up to the total.

From 1 January 2005, as required by the European Union's IAS Regulation and the Norwegian Accounting Act, the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board (IASB). However, the consolidated financial statements for the periods presented would be no different had the Company applied IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

These interim condensed consolidated financial statements for the year ending 31 December 2009 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with Telenor's Annual Report 2008.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2008, except for the adoption of new standards and interpretations as of 1 January 2009 noted below.

[text omitted]

**NOTE 2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

[text omitted]

[Kyivstar was deconsolidated and accounted for as an associated company from 29 December 2006. From the fourth quarter of 2007 Kyivstar resumed its financial reporting to Telenor. Kyivstar's figures are reflected in the line Profit (loss) from associated companies.] As of 31 December 2009, Telenor's assessment is that corporate governance and control has still not been sufficiently restored in Kyivstar. Significant influence still exists and Kyivstar continues to be accounted for as an associated company.

[text omitted]

**NOTE 6 EVENTS AFTER THE REPORTING PERIOD**

On 13 January 2010, the EGMS of Kyivstar approved additional dividends of UAH 0.8 billion (approximately NOK 0.5 billion) for the fiscal year of 2008, of which Telenor will receive its appropriate share by 28 February 2010. The dividend distributed is a proportion of total net profit of UAH 5.1 billion for the fiscal year of 2008.

On 9 February 2010, VimpelCom Ltd. launched an exchange offer to all shareholders of OJSC VimpelCom, whereby OJSC VimpelCom shares and ADRs will be exchanged for depositary receipts (DRs) representing shares in VimpelCom Ltd. The offer and contemplated transaction is further described under Telenor's operations on page 2.

**NOTE 7 SEGMENT TABLE AND RECONCILIATION OF EBITDA BEFORE OTHER INCOME AND EXPENSES****Fourth quarter**

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses				EBITDA			Operating profit (loss)				
	2009	2008	Growth	2009	2008	2009	Margin	2008	Margin	2009	Margin	2008	Margin	2009	Margin	2008	Margin
Kyivstar -Ukraine	2 080	3 553	(41.5%)	8	10	1 057	50.8%	1 808	50.9%	965	46.4%	1 897	53.4%	669	32.2%	1 169	32.9%
Kyivstar reclassified as associated company	2 072	3 543				1 057		1 808		965		1 897		669		1 169	

**The operations for the year**

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses				EBITDA			Operating profit (loss)				Total assets as of		
	2009	2008	Growth	2009	2008	2009	Margin	2008	Margin	2009	Margin	2008	Margin	2009	Margin	2008	Margin	2009	2008
Kyivstar - Ukraine	9 047	13 834	(34.6%)	25	31	5 076	56.1%	8 058	58.2%	5 022	55.5%	8 088	58.5%	3 608	39.9%	6 077	43.9%	7 896	15 1
Kyivstar reclassified as associated company	9 022	13 803				5 076		8 058		5 022		8 088		3 608		6 077		4 070	7 8

\*) The segment profit is EBITDA before other income and expenses  
[text omitted]

**The presentation of Telenor ASA's fourth quarter 2009 interim report also included a spreadsheet which contained the following additional information for the fourth quarter of 2009:**

Mobile revenues from company's subscriptions: NOK 1,990 million

Total mobile revenues: NOK 2,029 million

Other income and expenses: NOK 92 million (loss)

Depreciation and amortisation: NOK 291 million

Impairment losses: NOK 5 million

Operating profit: NOK 669 million, of which impairment losses of Telenor's net excess values was NOK 3 million

Number of mobile subscriptions: 22,022,000, of which prepaid: 20,286,000

Average traffic minutes per subscription per month (AMPU) in the quarter: 214

Average revenue per subscription per month (ARPU) in the quarter: NOK 30, of which NOK 99 were contract and NOK 24 were prepaid



Telenor  
Fourth Quarter 2009  
Jon  
Fredrik  
Baksaas,  
President  
and  
CEO  
7

8

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In  
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the  
section

Outlook  
for  
2009  
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forward-looking  
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regarding the Telenor Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

On 4 October 2009 Telenor and Altimo entered into an agreement to contribute their respective shareholdings in Kyivstar and OJSC VimpelCom in exchange for shares in a new company, VimpelCom Ltd. The arbitration and court proceedings between

the  
parties  
relating  
to  
OJSC  
VimpelCom  
and

Kyivstar  
have  
now  
been  
halted  
or  
withdrawn  
without  
prejudice,

pending closing of the transaction. At the time of closing of the transaction, the current arbitration case and all other pending disputes between the parties will be withdrawn. Furthermore, the withdrawal or cancellation and dismissal of the Farimex case, described under Group Overview, Risks and Uncertainties, at no cost or loss to Telenor is a condition to closing of the transaction.

Subject to receiving the required regulatory and other approvals, VimpelCom Ltd. has made an offer whereby OJSC VimpelCom shares and ADRs will be exchanged for Depositary Receipts ("DRs") representing shares in VimpelCom Ltd. (the "Exchange Offer"). Immediately following a successful completion of the Exchange Offer, Telenor and Altimo will contribute their

respective  
shareholdings

in  
Kyivstar

in  
exchange

for  
shares

in  
VimpelCom

Ltd.

The  
parties

expect to

complete the proposed Exchange Offer and the other related transactions by mid-2010, following which VimpelCom Ltd. intends to delist OJSC VimpelCom from the New York Stock Exchange. Upon completion of both the Exchange Offer and the contribution of Kyivstar shares, Telenor will hold a 38.84% economic ownership in VimpelCom Ltd., while Altimo's economic ownership will be 38.46% and the remaining 22.70% will be free float, assuming 100% acceptance of the Exchange Offer. VimpelCom Ltd. is incorporated in Bermuda, is headquartered in the Netherlands, and will be listed on the New York Stock Exchange.

9  
Revenues (NOKm) and EBITDA%  
EBITDA and capex (NOKm)  
Q4 2009  
Kyivstar  
Ukraine  
Organic growth assuming fixed currency, adjusted for  
acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
-  
11%  
-  
11%  
Organic  
revenue

/ EBITDA growth  
YoY

263k net subscriber loss driven by  
churn in youth segment

Reached 150k internet modems

Slight increase in quarterly revenues  
and ARPU in local currency from Q1

OCF margin above 40% despite  
revenue decline

Local currency stable in Q4

2 366

1 808

1 370

1 436

1 213

1 057

486

866

231

296

248

241

Q3 08

Q4 08

Q1 09

Q2 09

Q3 09

Q4 09

EBITDA

CAPEX

3 839

3 553

2 348

2 419

2 200

2 080

62 %

51 %

58 %

59 %

51 %

55 %

Q3 08

Q4 08

Q1 09

Q2 09

Q3 09

Q4 09

10  
Q4 2009  
Changes in revenues and EBITDA  
-11.3%  
-41.5%  
Kyivstar  
Organic  
Reported  
Organic  
growth  
YoY  
in  
fixed  
currency  
and  
adjusted



for  
acquisitions and disposals. EBITDA before other items.

-10.5%

-41.2%

Organic

Reported

Revenues

EBITDA

11  
Q4 2009  
Net debt in partly owned subsidiaries  
Kyivstar  
56.5%  
(836)  
(1 470)  
(6 258)  
(NOKm)  
Q4 2009      Q3 2009  
Q4 2008

12  
Mobile operations  
ARPU development (USD)  
Kyivstar  
FX as of 31.12.2009  
5,8  
5,9  
4,8  
5,2  
5,3  
5,4  
Q308  
Q408  
Q109  
Q209  
Q309  
Q409

13
Kyivstar
MoU
APPM (USD)
Mobile operations
MoU/APPM development
FX as of 31.12.2009
168
169
154
166
187
214

0,03  
0,03  
0,03  
0,03  
0,03  
0,03  
Q308  
Q408  
Q109  
Q209  
Q309  
Q409

14

Mobile operations

ARPU development (local currency)

Kyivstar (UAH)

47

47

39

42

42

43

Q308

Q408

Q109

Q209

Q309

Q409

15  
Mobile operations  
MoU/APPM development  
Kyivstar  
MoU  
APPM (local currency)  
168  
169  
154  
166  
187  
214  
0,20  
0,22

0,25  
0,25  
0,28  
0,28  
Q308  
Q408  
Q109  
Q209  
Q309  
Q409



### Important Additional Information

In connection with the U.S. offer by VimpelCom Ltd. to acquire all outstanding shares of OJSC VimpelCom (including those represented by ADSs), VimpelCom Ltd. has filed with the United States Securities and Exchange Commission (the SEC) a registration statement on Form F-4, which includes a preliminary prospectus and related U.S. offer acceptance materials to register shares of VimpelCom Ltd. (including those represented by American depositary receipts (DRs)) to be issued in exchange for OJSC VimpelCom shares held by U.S. persons and OJSC VimpelCom ADSs held by all holders, wherever located. **Holders of OJSC VimpelCom securities are urged to carefully read the registration statement (including the preliminary prospectus) and any other documents relating to the U.S. offer filed with the SEC, as well as any amendments and supplements to those documents, because they contain important information.** Free copies of the registration statement, including the preliminary prospectus and related U.S. offer acceptance materials and other relevant documents filed with the SEC in respect of the U.S. offer, can be obtained at the SEC's website at [www.sec.gov](http://www.sec.gov). The preliminary prospectus and related U.S. offer acceptance materials are being mailed to holders of OJSC VimpelCom securities eligible to participate in the U.S. offer. Additional copies may be obtained for free from Innisfree M&A Incorporated, the information agent for the U.S. offer, at the following telephone numbers: 1-877-800-5190 (for shareholders and ADS holders) and 1-212-750-5833 (for banks or brokers).

This announcement is not an offering document and does not constitute an offer to sell or the solicitation of an offer to buy securities or a solicitation of any vote or approval, nor shall there be any sale or exchange of securities in any jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction. The solicitation of offers to exchange OJSC VimpelCom securities for VimpelCom Ltd. DRs in the United States will only be made pursuant to the preliminary prospectus and related U.S. offer acceptance materials that are being mailed to U.S. holders of OJSC VimpelCom shares and all holders of OJSC VimpelCom ADSs, wherever located. An investor may only exchange OJSC VimpelCom shares for VimpelCom Ltd. DRs in the Russian offer if such investor is a qualified investor under the applicable Russian rules and regulations. This announcement is not for publication, release or distribution in or into or from any jurisdiction where it would otherwise be prohibited.

### Cautionary statement regarding forward-looking statements

*This announcement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts, including statements concerning the anticipated timing of filings and approvals relating to the proposed transactions; the expected timing of the completion of the proposed transactions; the expected benefits and costs of the proposed transactions; management plans relating to the proposed transactions; the ability to complete the proposed transactions in view of the various closing conditions; the possibility that the proposed transactions may not be completed, any projections of earnings, revenues, synergies, accretion, margins or other financial items; any statements of operations, including the execution of integration plans; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Any statement in this announcement that expresses or implies Telenor ASA's intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. Forward-looking statements involve inherent risks, uncertainties and assumptions, including, without limitation, risks related to the timing or ultimate completion of the proposed transactions; the possibility that expected benefits may not materialize as expected; that, prior to the completion of the proposed transactions, the business of OJSC VimpelCom or Closed Joint Stock Company Kyivstar G.S.M. may not perform as expected due to uncertainty; that the parties are unable to successfully implement integration strategies or otherwise realize the synergies*

*anticipated for the proposed transactions; and other risks and uncertainties that are beyond the parties' control. If such risks or uncertainties materialize or such assumptions prove incorrect, actual results could differ materially from those expressed or implied by such forward-looking statements and assumptions. The forward-looking statements contained in this announcement are made as of the date hereof, and Telenor ASA expressly disclaims any obligation to update or correct any forward-looking statements made herein due to the occurrence of events after the issuance of this announcement.*