

J C PENNEY CO INC  
Form 4  
September 03, 2015

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
TERUEL JAVIER G

(Last) (First) (Middle)

C/O J. C. PENNEY COMPANY, INC., 6501 LEGACY DRIVE

(Street)

PLANO, TX 75024

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
J C PENNEY CO INC [JCP]

3. Date of Earliest Transaction  
(Month/Day/Year)  
09/01/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock of 50 cents Par Value	09/01/2015		A		1,606 <u>(1)</u>	A	\$ 9.26 <u>(2)</u>
					317,951.374	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu...
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
TERUEL JAVIER G C/O J. C. PENNEY COMPANY, INC. 6501 LEGACY DRIVE PLANO, TX 75024	X			

## Signatures

\*\*\* /s/ David A. Shipley, attorney  
in fact  
Date: 09/03/2015

\*\*Signature of Reporting Person

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The reporting person received JCPenney common stock pursuant to the 2014 Long-Term Incentive Plan in lieu of cash for his services as a director.
- (2) Based on the closing price of JCPenney common stock on the date of issuance.

### Remarks:

\*\*\*Under POA as filed herewith.

Exhibit List: Exhibit No. 24 - Power of Attorney (POA)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. NT SIZE="1"> **61,191** 77,634

Raiffeisenbank Austria loan to URS (12)

**32,000** 40,000

Bayerische Landesbank loan to URS (13)

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**32,000** 40,000

Bayerische Hypo- und Vereinsbank AG (14)

**25,020** 41,038

OTP Bank loan to URS (15)

**10,000** 10,000

Citibank/Sumitomo (16)

229,400

Citibank/Standard Bank London (17)

47,223

Other loans

**2,221** **8,111,269** 2,507,933

Less current portion

**(1,705,777)** (419,495)

**Total long-term bank loans**

**\$6,405,492** \$2,088,438

(1)

On February 8, 2008, VimpelCom entered into a new loan agreement for an aggregate principal amount of US\$3,500,000. ABN AMRO Bank N.V., Barclays Capital, BNP Paribas, CALYON, Citibank, N.A., HSBC Bank plc, ING Bank N.V. and UBS Limited jointly committed to provide a US\$1,500,000 bridge term loan facility ( **Facility A** ) and a US\$2,000,000 term loan facility ( **Facility B** ) to partially finance the acquisition of Golden Telecom by a subsidiary of the Company. Facility A was required to be refinanced within 12 months by an issuance of bonds or other form of financing, subject to market conditions. Facility B is required to be repaid in equal semi-annual instalments starting from the date falling 12 months after the signing date. Facility A bore interest at LIBOR plus margins of 0.75% per annum for first 6 months; 1% per annum for the period from 7 to 9 months; and 1.25% per annum thereafter. Facility B bears interest at London Interbank Offered Rate ( LIBOR ) plus a margin of 1.5% per annum. On February 19, 2008, VimpelCom drew down US\$3,500,000 under the loan agreement. At the end of March 2008 the Mandated Lead Arrangers and Bookrunners completed the syndication of Facility B. On May 6, 2008, the Company fully repaid Facility A from the proceeds of two loans from VIP Finance Ireland Limited in an aggregate principal amount of US\$2,000,000, funded by the issuance of limited-recourse loan participation notes by VIP Finance Ireland Limited on April 30, 2008 (as further described below). The principal amount of debt outstanding under Facility B as of December 31, 2008 was US\$2,000,000.

F-39

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***13. Short and Long Term Debt (continued)****Bank Loans (continued)**

(2)

On April 30, 2008, VIP Finance Ireland Limited completed an offering of an aggregate principal amount of US\$2,000,000 loan participation notes, split equally between five-year and 10-year tranches, for the sole purpose of funding loans in an aggregate principal amount of US\$2,000,000 to VimpelCom. The five-year US\$1,000,000 issue (the **2013 Notes**) and related loan in the same principal amount bear interest at an annual rate of 8.375% payable semi-annually and are due in April 2013. The 10-year US\$1,000,000 issue (the **2018 Notes**) and related loan in the same principal amount bear interest at an annual rate of 9.125% payable semi-annually and are due in April 2018. The loan participation notes are listed on the Irish Stock Exchange and are with limited recourse to VIP Finance Ireland Limited. VimpelCom raised this financing (i) to repay Facility A under the loan agreement entered into on February 8, 2008 (as described above), in connection with its acquisition of Golden Telecom and (ii) to continue the development and expansion of the Company's networks, including through possible acquisitions or investments in existing wireless operators within Russia or abroad, by establishing new wireless operators or by entering into local partnerships or joint ventures within Russia or abroad. On May 6, 2008, Facility A was fully repaid in the amount US\$1,500,000. Deferred financing costs relating to the 2013 Notes offering and 2018 Notes offering (which include gross issuance costs) comprised US\$8,027 and US\$8,327 respectively and will be amortized over 5 and 10 years respectively.

(3)

Starting in June of 2004, VimpelCom entered into a series of loan agreements (the **Loans**) with UBS (Luxembourg) S.A., (**UBS**), whereby various amounts were borrowed to finance operations and capital expenditures. UBS then completed a series of offerings of loan participation notes (the **Notes**) for the sole purpose of funding the loans to VimpelCom. The Notes are listed on the Luxembourg Stock Exchange and are without recourse to UBS. The following outlines the amounts borrowed and the respective interest rates and due dates for each series of the Loans.

Date Borrowed	Due Date	Payment Period	Amount Borrowed	Interest Rate	Payment	
					31-Dec-08	31-Dec-07
16-Jun-04	16-Jun-09	Semi-annually	\$ 250,000	10%	\$ 17,234	\$ 17,234
14-Jul-04	16-Jun-09	Semi-annually	200,000	10%	200,000	200,000
22-Oct-04	22-Oct-11	Semi-annually	300,000	8.38%	300,000	300,000
11-Feb-05	11-Feb-10	Semi-annual	300,000	8%	300,000	300,000
22-May-06	22-May-16	Semi-annually	\$ 600,000	8.25%	600,000	600,000
<b>Total</b>					<b>\$ 1,417,234</b>	<b>\$ 1,417,234</b>



**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**13. Short and Long Term Debt (continued)**

**Bank Loans (continued)**

On May 22, 2006, UBS and VimpelCom entered into a Loan for \$600,000 and reduced the principal amount of the Loan dated June 16, 2004 to \$17,234. UBS completed an offering of US\$600,000 8.25% loan participation notes due 2016 (the **2016 Notes**) for the sole purpose of funding such US\$600,000 loan (the **2016 Loan**) to VimpelCom. US\$367,234 principal amount of the 2016 Notes was issued in a concurrent offer (the **Concurrent Offer**) for cash consideration and US\$232,766 principal amount of the 2016 Notes was issued in an exchange offer (the **Exchange Offer**) in exchange for an equal principal amount of validly tendered and accepted 10.0% loan participation notes due 2009 (the **2009 Notes**) issued in June and July 2004. As a consequence of the Exchange Offer, the obligation of UBS to advance the remaining US\$232,766 principal under the 2016 Loan was offset against the tendered 2009 Notes, thereby reducing the aggregate outstanding principal amount due under the Loans due June 16, 2009 from US\$450,000 to US\$217,234. Deferred financing costs relating to the 2016 Notes offering (which includes gross issuance cost and the compensatory fee connected with the Exchange Offer) comprised US\$28,421 and will be amortized over 10 years.

(4)

In April 2004, Sberbank provided a five-year, US dollar denominated, secured, non-revolving credit line of US\$130,000 to VimpelCom. The loan is to be repaid in eight equal installments, on a quarterly basis, commencing February 27, 2007. The interest rate as of December 31, 2007, was 8.5% per annum and is subject to change by Sberbank upon the occurrence of certain events. In 2004, VimpelCom signed a series of pledge agreements with Sberbank. As of December 31, 2008, assets pledged as collateral against this credit line included promissory notes issued by VimpelCom to Impuls-KB CJSC (**Impuls-KB**) as collateral against this credit line with a nominal amount of 1,610,000 thousand roubles (US\$54,798 at the exchange rate as of December 31, 2008). Under the loan agreement, VimpelCom is subject to certain defined debt covenant restrictions, including several restrictions related to financial condition. In accordance with the Loan Agreement Sberbank has the right to increase the annual interest rate by not more than 1.3 times when the legal reserve requirements established by Central Bank of Russian Federation have increased by more than 20%. From November 1, 2008 Sberbank increased the interest rate up to 9.25%. The principal amount outstanding under this credit line, as of December 31, 2008, was US\$16,225.

F-41

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***13. Short and Long Term Debt (continued)****Bank Loans (continued)**

On August 31, 2006, Sberbank provided VimpelCom with a three-year Russian rouble denominated non-revolving credit line in the amount of 6,000 million Russian roubles (US\$204,218 at the exchange rate as of December 31, 2008). The loan bears annual interest at a rate of 8.5%, which may be changed unilaterally by Sberbank upon the occurrence of certain events, such as a change in Russian law or a change in the interest rate of the Central Bank of Russia. As of December 31, 2008, assets pledged as collateral against this loan consisted of promissory notes issued by VimpelCom to RTI Service-Svyaz ( **RTI** ) and Impuls-KB with a nominal amount of 3,830,000 thousand roubles (US\$130,359 at the exchange rate as of December 31, 2008). The loan will be repaid in three quarterly installments, the first of which will be on February 27, 2009, and the last of which will be on August 30, 2009. On February 26, 2007 VimpelCom drew down 6,000 million Russian roubles under this non-revolving credit line with Sberbank. In accordance with the Loan Agreement Sberbank has the right to increase the annual interest rate by not more than 1.3 times when the legal reserve requirements established by Central Bank of Russian Federation have increased by more than 20%. From November 1, 2008 Sberbank increased the interest rate up to 9.75%. As of December 31, 2008, the principal debt outstanding under this loan agreement was 6,000 million Russian roubles (US\$204,218 at the exchange rate as of December 31, 2008).

On February 14, 2008, VimpelCom signed a five year credit line with Sberbank in the amount of US\$750,000 with the following draw down in Russian rubles at the exchange rate at the date of the draw down. The credit line bears annual interest at a rate of 9.5% for the first two years and 9.25% for the third and subsequent years. The Company drew down the loan during the availability period by three disbursements: the first disbursement was on February 29, 2008 in the amount of 4,823 million Russian rubles, the second disbursement was on June 6, 2008 in the amount of 9,616 million Russian rubles and the final disbursement was June 26, 2008 in the amount of 3,447 million Russian rubles. In accordance with the Loan Agreement Sberbank has the right to increase the annual interest rate by not more than 1.3 times when the legal reserve requirements established by Central Bank of Russian Federation have increased by more than 20%. From November 1, 2008 Sberbank increased the interest rate up to 11%. The amount of debt outstanding under this loan as of December 31, 2008 was US\$608,787, the equivalent to RUR 17,886 million.

(5)

On October 15, 2008, VimpelCom signed and borrowed under a new unsecured loan agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd., Barclays Capital, BNP Paribas, Commerzbank Aktiengesellschaft, Standard Bank Plc, Sumitomo Mitsui Banking Corporation Europe Limited and WestLB AG, London Branch as mandated lead arrangers and bookrunners. The total commitments at the signing date were EUR476 million. The facility is required to be repaid in five equal semi-annual instalments starting from October 16, 2009. The rate of interest for the facility is EURIBOR plus 2.30% per annum. In November and December 2008 the agreement was amended to increase the commitments by EUR 75 million. The principal amount of debt outstanding under this loan agreement as of December 31, 2008 was EUR551 million, or US\$777,179 at the exchange rate as of December 31, 2008.

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**13. Short and Long Term Debt (continued)**

**Bank Loans (continued)**

(6)

On July 25, 2008, VimpelCom-Invest LLC ( **Vimpelcom-Invest** ), a consolidated Russian subsidiary of VimpelCom, issued Russian ruble-denominated bonds in an aggregate principal amount of 10,000 million rubles (US\$427,749 at exchange rate as of July 25, 2008). The bonds are due on July 19, 2013, and bondholders have a put option exercisable on January 22, 2010, at 100% of nominal value plus accrued interest. Interest is to be paid semi-annually. The annual interest rate for the first three payment periods is 9.05%. VimpelCom-Invest will determine the annual interest rate for subsequent periods no later than seven business days before the third interest payment. The amount of debt outstanding under this loan as of December 31, 2008 was 10,000 million rubles, the equivalent to US\$340,363.

(7)

As of the date of VimpelCom's acquisition of Golden Telecom (*Note 3*), Golden Telecom was a party to a five-year term facility agreement (**the Facility Agreement**) with banks, financial institutions and other institutional lenders as lenders, Citibank, N.A. London Branch and ING Bank N.V. as mandated lead arrangers, and Citibank International plc as agent. The Facility Agreement established an unsecured credit facility under which Golden Telecom, GTS Finance, Inc. and EDN Sovintel LLC ( **Sovintel** ), wholly-owned subsidiaries of Golden Telecom, may borrow up to an aggregate of US\$275,000. The Facility Agreement bears interest at a rate equal to LIBOR plus 1.5% per annum for the first twenty-four months and LIBOR plus 2% per annum thereafter and matures in January, 2012. In April 2008, Sovintel borrowed an additional US\$50,000 under the Facility Agreement bringing the total amount borrowed and outstanding under the Facility Agreement as of December 31, 2008 to US\$275,000.

(8)

On December 16, 2005, KaR-Tel signed a US\$100,000 loan agreement with the EBRD. The EBRD granted US\$50,000 from its own sources and another US\$50,000 was granted by participation with a group of banks: Citigroup, Bayerische Hypo- und Vereinsbank, Raiffeisen Zentralbank Osterreich and Nordea Bank AB. The original interest rate was LIBOR plus 3.9% for the tranche from the EBRD and LIBOR plus 3.5% for the tranche from the participant banks. VimpelCom provided a parent guarantee for up to US\$20,000. As of December 31, 2007, the principal debt under this loan agreement was US\$90,000. On December 29, 2007, KaR-Tel and EBRD signed the Amended and Restated Loan Agreement in which the parties agreed to increase the amount of the loan facility available to KaR-Tel up to US\$130,000 and to amend certain other terms and conditions. EBRD provided US\$65,000 from its own sources, and the remaining US\$65,000 provided by a group of banks (Raiffeisen Zentralbank Osterreich, Calyon and Nordea). The interest rate is 6-month LIBOR plus 2.05% per annum for the tranche provided by EBRD and 6-month LIBOR plus 1.85% per annum for the tranche provided by the group of banks. The amended agreement allows for the extension of the debt up to 7 years and effected from April 10, 2008, the date when the participating banks signed the agreement. The loan has a number of financial covenants that in case of breach would require KaR-Tel to repay the debt before the stated maturity date. The amount of debt outstanding under this loan as of December 31, 2008 was US\$127,965.



**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**13. Short and Long Term Debt (continued)**

**Bank Loans (continued)**

(9)

On March 26, 2007, VimpelCom's wholly owned subsidiary Ukrainian Radio Systems CJSC ( **URS** ) signed a US\$100,000 loan agreement with Standard Bank Plc, SMBC and VTB Bank Europe plc. The facility bears interest at a rate of LIBOR plus 1.15% and is fully guaranteed by VimpelCom. The loan will be repaid in five installments, starting from March 26, 2009. On September 18, 2007, URS drew down US\$100,000 under this loan agreement. As of December 31, 2008, the principal amount of debt outstanding under this facility was US\$100,000.

(10)

On February 24, 2004, Svenska Handelsbanken AB provided a seven-year, US dollar denominated credit line of US\$69,700 to VimpelCom under guarantee of the Swedish Export Credits Guarantee Board ( **EKN** ). The loan is to be repaid in fourteen equal installments, on a semi-annual basis, commencing not later than November 20, 2004. The loan bears interest at the rate of six-month LIBOR plus 0.325%, which is payable semi-annually. Under the loan agreement, VimpelCom is subject to certain defined debt covenant restrictions, including several restrictions related to financial condition. The principal amount outstanding under this credit line as of December 31, 2008, was US\$24,892.

On November 3, 2005, VimpelCom signed a US\$99,705 loan agreement with Svenska Handelsbanken AB under an EKN guarantee. The loan bears interest at LIBOR plus 0.325% per annum. Each tranche borrowed under this loan is to be repaid in fourteen equal installments on a semi-annual basis commencing not later than May 30, 2006. The facility was available for drawing until and including April 30, 2006. As of December 31, 2008, the principal debt under this loan agreement was US\$56,974.

(11)

On November 1, 2006, VimpelCom signed a six-year US\$99,350 loan agreement arranged by Citibank N.A., and insured by Euler Hermes Kreditversicherungs AG. The loan bears interest at the rate of LIBOR plus 0.1% per annum. The first tranche borrowed under this loan is to be repaid in twelve equal installments on a semi-annual basis commencing on November 21, 2006. The second tranche borrowed under this loan is to be repaid in twelve equal installments on a semi-annual basis commencing not later than May 6, 2007. The principal amount of debt outstanding under this loan as of December 31, 2008 was US\$61,191.

(12)

On October 19, 2006 URS signed a US\$40,000 loan agreement with Raiffeisen Zentralbank Österreich Aktiengesellschaft. The facility bears interest at a rate of LIBOR plus 1.25% and is fully guaranteed by VimpelCom. The loan should be repaid in five equal quarterly installments starting on October 17, 2008. As of December 31, 2008, the principal amount of debt outstanding under this loan agreement was US\$32,000.

(13)

On December 12, 2006 URS signed a US\$40,000 loan agreement with Bayerische Landesbank. The facility bears interest at a rate of LIBOR plus 1.0 % and is fully guaranteed by VimpelCom. The loan should be repaid in five equal quarterly installments starting on December 19, 2008.

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As of December 31, 2008 the principal amount of debt outstanding under this facility was US\$32,000.

F-44

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**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**13. Short and Long Term Debt (continued)**

**Bank Loans (continued)**

(14)

On June 30, 2005, VimpelCom signed two unsecured loan agreements in an aggregate amount of US\$59,000 with Bayerische Hypo- und Vereinsbank AG and Nordea Bank AB. The loans have identical terms and bear interest at LIBOR plus 0.35% per annum. The first loan is to be repaid in ten equal installments on a semi-annual basis commencing November 7, 2005, and the second loan is to be repaid in ten equal installments on a semi-annual basis commencing November 18, 2005. As of December 31, 2008, the principal amount outstanding under these loan agreements was US\$17,565.

On June 30, 2005, Vostok-Zapad Telecom, at the time a subsidiary of VimpelCom and since merged into VimpelCom, signed a US\$22,525 loan agreement with Bayerische Hypo- und Vereinsbank AG and Nordea Bank AB under ECA guarantee. In 2006 Vostok-Zapad Telecom was merged into VimpelCom and VimpelCom assumed Vostok-Zapad Telecom's obligations under this loan facility. The loan bears interest at LIBOR plus 0.35% per annum. The first tranche borrowed under this loan agreement is to be repaid in ten equal installments on a semi-annual basis commencing November 16, 2005, and the second tranche is to be repaid in ten installments on a semi-annual basis commencing April 18, 2006. As of December 31, 2008 the principal amount outstanding under this loan agreement was US\$7,455.

(15)

On November 9, 2006, URS signed a US\$20,000 loan agreement with OTP Bank (formerly Raiffeisen Ukraine). The facility bears annual interest at a rate of LIBOR plus 3.0% and is fully guaranteed by VimpelCom. The loan should be repaid in four equal quarterly installments starting on January 20, 2009. As of December 31, 2008, the principal amount outstanding under this loan agreement was US\$10,000.

(16)

On November 18, 2005, VimpelCom signed a US\$250,000 syndicated loan agreement arranged by Citigroup and Sumitomo Mitsui Banking Corporation Europe Limited ( **SMBC** ). The facility was a three-year unsecured syndicated loan, consisting of a US\$147 million revolving loan and a US\$103 million amortizing term loan. The facility bore interest an annual rate of LIBOR plus 1.35% for revolving loan, and LIBOR plus 1.50% for term loan and 0.15% utilization fee for disbursements over 50% of the total commitment. The interest rate adjusts based on the Company's credit ratings. On November, 18, 2008 VimpelCom fully repaid the outstanding indebtedness. As of December 31, 2008, there was no principal debt outstanding under the facility.

(17)

On February 28, 2005, VimpelCom signed a US\$425,000 syndicated loan agreement with Citigroup and Standard Bank London Limited ( **Standard Bank** ). The facility was a three-year unsecured loan, with quarterly principal payments beginning one year after the signing date, and bears interest at LIBOR plus 2.5% per annum. On August 29, 2006, VimpelCom signed an amendment and restated agreement to the facility agreement. Pursuant to the amended and restated facility agreement, the interest rate margin under the facility was reduced from 2.5% to 1% p.a. and certain restrictive covenants were adjusted to be in line with covenants of the syndicated loan facility arranged on November 18, 2005, by Citigroup and SMBC. On February 28, 2008 Vimpelcom fully repaid the outstanding indebtedness in the amount of US\$47,223 on this Loan

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Facility. As of December 31, 2008 there was no outstanding amount under this facility.

F-45

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***13. Short and Long Term Debt (continued)****Equipment Financing Obligations**

VimpelCom has entered into agreements with different equipment vendors for the purchase and installation of mobile telecommunications GSM network equipment. These agreements allow for the expenditures to be deferred similar to a long term debt agreement. The following table provides a summary of VimpelCom's material outstanding equipment financing indebtedness, including bank loans obtained for the purposes of financing equipment purchases.

Borrower		Vendor	Interest rate	Outstanding debt as of December 31,		Maturity date	Security
				2008	2007		
			6 month MOSPRIME			Semiannually, September 28, 2007 - March	EKN
Vimpel Com	(1)	HSBC	+ 0.08%	\$ 58,375	\$ 82,197	2014	guarantee
						Semiannually, January 24, 2007 - August 28,	VimpelCom
KaR-Tel	(2)	Citibank International Plc	6 month LIBOR +0.25%, 6 month LIBOR +0.30%	29,498	42,011	2011	guarantee
KaR-Tel	(3)	HVB	6 month LIBOR +0.2%, 6 month LIBOR +0.4%	24,345	33,687	Semiannually, final December 21, 2011	ATF Bank guarantee
KaR-Tel	(4)	BaernLB (Hermes2)	6 month LIBOR + 0.38%	37,824		Semiannually, final December 27, 2012	EHECA guarantee
Unitel	(5)	Huawei	8%	30,818	17,559	Various dates through 2008	Network equipment
Tacom	(6)	Huawei	8%	3,195	4,886	Various dates through 2008	Network equipment
URS	(7)	Huawei	7%		10,817		None

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						Various dates through 2008	
			from 3 month EURIBOR +				
			1.5% to 12 month EURIBOR + 1.5%,				
ArmenTel	(8)	Intracom SA	12 month LIBOR plus 1.5%	<b>14,728</b>	21,005	Various dates through 2011	None
ArmenTel	(9)	BNP Paribas	6 month EURIBOR+0.9%	<b>9,991</b>	13,843	Various dates through 2010	None
ArmenTel	(10)	Siemens A.E	3 month EURIBOR +1.5%	<b>1,058</b>	1,402	Various dates through 2012	None
Other				<b>6,679</b>	5,302		
<b>Total equipment financing</b>				<b>\$ 216,511</b>	\$ 232,709		
Less current portion				<b>(88,704)</b>	(81,050)		
<b>Long-term equipment financing</b>				<b>\$ 127,807</b>	\$ 151,659		

F-46

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**13. Short and Long Term Debt (continued)**

**Equipment Financing Obligations (continued)**

(1)

On September 10, 2007, VimpelCom signed a facility agreement with HSBC Bank PLC. This is a rouble denominated Swedish export credit facility supported by EKN for the total amount of 2,100 million Russian roubles. The facility is to finance equipment and services provided to VimpelCom by Ericsson on a reimbursement basis. The outstanding balance including the accrued interest under this loan as of December 31, 2008 was US\$58,375.

(2)

On September 6, 2005, KaR-Tel signed a US\$30,000 facility agreement with Citibank Int. plc. under an English Credit Guarantee Department ( **ECGD** ) guarantee. The purpose of the loan is refinancing of telecommunications equipment delivered from Motorola. VimpelCom provided a parent guarantee for up to US\$30,000. Principal amount will be repaid by equal semi-annual payments with interests equal to 6mLibor + 0.25% p.a. As of December 31, 2008 the outstanding balance including the accrued interest was US\$10,204 under this loan.

On June 19, 2007, KaR-Tel signed a US\$28,599 Facility Agreement with Citibank International plc under an ECGD guarantee. The purpose of the loan is refinancing the deliveries of Motorola telecommunications equipment in 2006-2007. VimpelCom extended its parent guarantee covering the September 6, 2005 loan between KaR-Tel and Citibank International plc, guaranteed by ECGD, to cover this June 19, 2007 loan, for an aggregate parent guarantee of up to US\$30,000 for both loans. Principal amount will be repaid by equal semi-annual payments with interests equal to 6mLibor + 0.30% p.a. The outstanding balance including the accrued interest under this loan as of December 31, 2008 was US\$19,294.

(3)

On September 14, 2006 KaR-Tel borrowed USD \$31,320 under a loan agreement with the Bayerische Hypo- und Vereinsbank AG ( **HVB** ). The facility is guaranteed by Euler Hermes Kreditversicherungs AG. The loan was provided with a guarantee from ATF Bank amounting to US\$20,000. The facility was secured by a pledge of telecommunication equipment with a pledge value of USD 23,756. Principal amount will be repaid by equal semi-annual payments with interests equal to 6mLibor + 0.4% p.a. The outstanding balance including the accrued interest as at December 31, 2008, was US\$15,523.

On June 26, 2007 KaR-Tel signed a EUR10,624 loan agreement with HVB to refinance the deliveries of Ericsson equipment through 2006 2007. Principal amount will be repaid by equal semi-annual payments with interests equal to 6mLibor + 0.2% p.a. The Facility is guaranteed by EKN export credit agency. The outstanding balance including the accrued interest under this loan as of December 31, 2008 was US\$8,822.

(4)

On May 5, 2008, KaR-Tel signed a loan agreement with Bayerische Landesbank, Germany for an aggregate principal amount of US\$47,500. The funds were borrowed to reimburse capital expenditures for Alcatel-Lucent Deutschland AG telecommunication equipment. The principal amount will be repaid in 10 equal semi-annual payments plus interest equal to 6-month LIBOR + 0.38% per annum. The maturity date of the

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loan is December 27, 2012. The loan is guaranteed by Euler Hermes Export Credit Agency. The loan is not secured. The outstanding balance including the accrued interest under this loan as of December 31, 2008 was US\$ 37,824.

F-47



**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**13. Short and Long Term Debt (continued)**

**Equipment Financing Obligations (continued)**

(5)

In 2006 Unitel entered into several deferred payment agreements with Huawei Technologies ( **Huawei** ) for the purchase of telecommunications equipment for an amount up to US\$10,743. This indebtedness is secured by the equipment acquired from Huawei and is due on various dates through 2008. As of December 31, 2008 there was no outstanding balance including the accrued interest under these agreements.

In February 2007 Unitel entered into a vendor financing agreement with Huawei providing for financing of an amount up to US\$6,900. This debt is secured by the pledge of equipment acquired from Huawei. In April 2007 the parties signed a Supplementary Agreement, increasing total value of the vendor financing agreement up to \$7,800. The outstanding balance including the accrued interest under this vendor financing agreement as of December 31, 2008, was US\$670.

In July 27, 2007 Unitel entered into a vendor financing agreement with Huawei, for an amount up to US\$6,265. This debt is secured by the pledge of equipment acquired from Huawei. On September 29, 2007 Unitel entered into an additional vendor financing agreement with Huawei for financing of an amount up to US\$9,600. This debt is also secured by the pledge of equipment acquired from Huawei. The outstanding balance including the accrued interest under this vendor financing agreement as of December 31, 2008, was US\$1,634.

In October 2007 Unitel entered into vendor financing agreement with Huawei providing for financing of an amount up to \$8,676. This debt is secured by the pledge of equipment acquired from Huawei. The outstanding balance including the accrued interest under this vendor financing agreement as of December 31, 2008, was US\$2,471.

On February 15, 2008, the Company's wholly-owned subsidiary Unitel entered into a new vendor financing agreement with Huawei providing for financing of an amount up to US\$31,591. This debt is secured by the pledge of equipment acquired from Huawei. The facility bears interest at 8% per annum. On June 12, 2008, the Company's wholly-owned subsidiary Unitel entered into new vendor financing agreements with Huawei providing for financing of an amount up to US\$18,835. This debt is secured by the pledge of equipment acquired from Huawei. The facility bears interest at 8% per annum. The outstanding balance including the accrued interest under agreements with Huawei as of December 30, 2008 was US\$26,043.

(6)

In April, 2006, Tacom entered into a vendor financing arrangement with Huawei for the purchase of the GSM equipment. This indebtedness is secured by the equipment acquired from Huawei. As of December 31, 2008, outstanding balance including the accrued interest under this agreement including the accrued interest was US\$3,195.

(7)

On June 30, 2006, URS and Huawei signed a vendor financing agreement with a total contract value of US\$16,819. As of December 31, 2008, there were no outstanding balance under this agreement.



**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated  
and except per share (ADS) amounts)*

**13. Short and Long Term Debt (continued)****Equipment Financing Obligations (continued)**

(8)

On November 16, 2006, when VimpelCom completed the acquisition of ArmenTel (*Note 3*), ArmenTel had vendor financing agreements with Intracom SA. The following loans were used for purchasing telecommunications equipment and developing their network:

The loan for the total amount of EUR48,726 was signed on July 1, 2002. The balance, including accrued interest, as of December 31, 2008, is \$9,648. The loan matures in June 2012.

Three loans, for the total amount of EUR6,905, were signed on October 20, 2005, March 23, 2006, and April 14, 2006. The cumulative balances, including accrued interest, as of December 31, 2008 amounted to US\$5,080.

(9)

ArmenTel entered into a vendor financing agreement with BNP Paribas on March 21, 2006, for financing telecommunication equipment with Siemens Belgium. The outstanding balance, including accrued interest, as at December 31, 2008 was US\$9,991.

(10)

ArmenTel signed a vendor financing agreement with Siemens AE for financing telecommunication equipment on March 30, 2006. The outstanding balance, including accrued interest, as at December 31, 2008 was US\$1,058.

Future payments under bank loans, equipment financing and capital lease agreements and other debt are as follows:

2009	1,909,221
2010	1,991,560
2011	1,502,556
2012	324,260
2013	1,098,288
Thereafter	1,617,041
<b>Total</b>	<b>8,442,926</b>

**Other Debt**

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In April 2007, VimpelCom entered into an agreement to sell a 33.3% ownership interest in its wholly-owned subsidiary, Freevale Enterprises, Inc. (BVI) for a sale price of US\$20,000. Freevale Enterprises owns 21.0% of Unitel. The sale effectively represents 7% of Unitel. The transaction was finalized on June 14, 2007. In connection with this agreement, the purchaser granted to VimpelCom an option to acquire the entire remaining interest held by the purchaser and, simultaneously, VimpelCom granted to the purchaser an option to sell to VimpelCom the entire remaining interest held by the purchaser. The future price is based on a formula; however in no event will the future price be less than US\$57,500 or more than US\$60,000. Following the provisions of EITF No. 00-4, *Majority Owner's Accounting for a Transaction in the Shares of a Consolidated Subsidiary and a Derivative Indexed to the Minority Interest in That Subsidiary*, the sale consideration was accounted for as a secured borrowing of US\$20,000. The borrowing will be accreted to the minimum purchase price of the put and call arrangement up to August 31, 2009, which is the date at which the put and call options first become exercisable. As of December 31, 2008, principal amount of debt outstanding under this agreement was US\$41,871.

F-49

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**13. Short and Long Term Debt (continued)**

**Other Debt (continued)**

In November and December 2008, VimpelCom issued promissory notes in the amount equivalent to US\$81,660 as of December 31, 2008. The promissory notes were issued as an advance payment to secure future services. The promissory notes are ruble-denominated and bear no interest. They mature at weekly intervals within the period up to November, 2009. As of December 31, 2008 the outstanding debt under promissory notes was US\$72,130.

**14. Equity**

In 1996, VimpelCom issued 6,426,600 shares of preferred stock. As of December 31, 2008, all of the shares of preferred stock were owned by Eco Telecom. Each share of preferred stock entitles its holder to (i) one vote, (ii) to receive a fixed dividend of .001 rouble per share per year and (iii) to receive a fixed liquidation value of .005 rouble per share in the event of VimpelCom's liquidation, to the extent there are sufficient funds available. As of December 31, 2008, the official exchange rate was 29.3804 rubles per 1 US dollar. Each share of preferred stock is convertible into one share of common stock at any time after June 30, 2016, at the election of the holder upon payment to VimpelCom of a conversion premium equal to 100% of the market value of one share of common stock at the time of conversion.

On April 22, 2005, VimpelCom's Board of Directors (the **Board**) approved Amendment No. 1 to the Amended and Restated Stock Option Plan (the **Plan**) in order to increase the maximum aggregate number of shares authorized under the plan from 250,000 to 450,000 and to extend the expiration date of the Plan from December 31, 2006, to December 31, 2015. In June 2005, VimpelCom purchased 135,508 shares of its common stock for US\$18,374 in open market transactions and then transferred these shares to VC ESOP N.V. VimpelCom utilized the purchased shares for the issuance of stock based compensation awards under the Plan. On April 7, 2006, the Board approved Amendment No. 2 to the Plan in order to increase the maximum aggregate number of share authorized under the Plan from 450,000 to 650,000. In April and May 2006, VC ESOP N.V. purchased 200,000 shares of VimpelCom's common stock for US\$38,535 in open market transactions, the purchased shares were utilized for the issuance of stock based compensation awards under the Plan. On May 24, 2006, the Board approved Amendment No. 3 to the Plan making certain amendments to the method of exercise under the Plan.

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**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**14. Equity (continued)**

On December 14, 2006, the Board approved Amendment No. 4 to the Plan in order to increase the maximum aggregate number of shares authorized under the Plan from 650,000 to 1,050,000 and established a systematic purchasing plan under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the **Exchange Act**), to facilitate repurchases of up to 1,600,000 ADSs (before the change in the ADS ratio mentioned below). Rule 10b5-1 permits a public company to repurchase its shares at times when it ordinarily would not be in the market because of self-imposed trading blackout periods. Under VimpelCom's Rule 10b5-1 plan, certain specified amounts of ADSs may be purchased on a daily basis provided that specified trading prices are achieved. Purchases may be made in the open market or through privately negotiated transactions, all in accordance with U.S. and Russian securities law, including the volume, price, timing and other requirements of Rule 10b-18 of the Exchange Act. VimpelCom's Rule 10b5-1 plan commenced on May 1, 2007, and 800,000 ADSs (the equivalent of 200,000 shares of the Company's common stock, prior to the adjustment in the ADS ratio mentioned below) were repurchased between May 1, 2007, and May 8, 2007, at an average price of US\$101.29 (pre-ADS split as discussed below), for a total aggregate consideration of approximately US\$81,069.

In connection with the Plan in 2008 VimpelCom established a systematic purchasing plan under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, to facilitate repurchases of up to 4,000,000 of the Company's American Depositary Shares (**ADSs**), which is equivalent to 200,000 shares of the Company's common stock (as adjusted for the change in the ADS ratio mentioned below). In June and July 2008, VC ESOP N.V. purchased 200,000 shares of VimpelCom's common stock for US\$114,476 in open market transactions, the purchased shares were utilized for the issuance of stock based compensation awards under the Plan.

The shares held by VC ESOP N.V. (663,614 shares and 504,182 shares as of December 31, 2008 and 2007, respectively) were treated as treasury shares in the accompanying consolidated financial statements.

In March 2007, the Board approved the Company's dividend policy. Subject to the constraints and guidelines contained in the dividend policy as well as those under Russian law, the policy contemplates that the Board will recommend the payment of cash dividends annually and the amount of the annual dividend will generally be equal to at least 25.0% of the consolidated net income (which is equivalent to net income attributable to VimpelCom following our adoption of SFAS 160), as determined under U.S. GAAP.

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**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**14. Equity (continued)**

In 2007 a dividend was paid in the amount of 166.88 Russian rubles per share of the common stock (or approximately US\$0.32 per ADS based on the Russian Central Bank exchange rate as of date of approval, June 29, 2007, as adjusted for the change in the ADS ratio mentioned below) based on the results of the 2006 fiscal year, amounting to a total of RUR 8.6 billion (or approximately \$331,742 based on the Russian Central Bank exchange rate as of June 29, 2007). In accordance with Russian tax legislation, VimpelCom withheld a tax of up to 30% on the dividend amount upon payment, which was approximately RUR1.2 billion (or approximately \$44,664 based on the Russian Central Bank exchange rate as of June 29, 2007). At the Annual General Shareholders Meeting held on June 9, 2008 the shareholders approved payment of a cash annual dividend to holders of common registered shares in the amount of 270.01 Russian rubles per common share of VimpelCom stock, or approximately \$0.57 per ADS based on the Russian Central Bank exchange rate as of June 9, 2008 based upon the results of the 2007 fiscal year, amounting to a total of RUR 13.85 billion (or approximately \$588,580 based on the Russian Central Bank exchange rate as of June 9, 2008). In accordance with Russian tax legislation, VimpelCom withheld a tax of up to 15% on the dividend amount, which was approximately RUR1.9 billion (or approximately \$79,080 based on the Russian Central Bank exchange rate as of June 9, 2008).

On February 4, 2009, the Board of the Company has decided unanimously to recommend to the Annual General Shareholders meeting that the Company not pay dividends on its common stock based on 2008 results.

On August 8, 2007, VimpelCom announced a change in the ratio of its ADSs traded on the NYSE from four ADSs for one common share to 20 ADSs for one common share effective August 21, 2007. To implement the ratio change, VimpelCom ADS holders of record at the close of business on August 17, 2007, received four additional ADSs for every ADS held. The distribution date to ADS holders was August 21, 2007. There were no changes to VimpelCom's underlying common shares. All amounts in the accompanying financial statements have been restated to reflect the revised ratio, except where otherwise indicated.

Each outstanding share of VimpelCom's common stock entitles its holder to participate in shareholders meetings, to receive dividends in such amounts as have been validly approved by shareholders, and in the event of VimpelCom's liquidation, to receive part of VimpelCom's assets to the extent there are sufficient funds available.

In accordance with Russian legislation, VimpelCom can distribute all profits as dividends or invest them into the operations. Dividends may only be declared from accumulated undistributed and unreserved earnings as shown in the Russian statutory financial statements, not out of amounts previously transferred to reserves. In accordance with Russian tax legislation, dividends are subject to a withholding tax of up to 15% when payable, starting from January 1, 2008. Transfers to reserves have been insignificant through December 31, 2008. As of December 31, 2008, VimpelCom's retained earnings distributable under Russian legislation were US\$4,382,089 (*non-audited*), at the official year-end exchange rate.

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***15. Income Taxes**

VimpelCom and its subsidiaries file their tax returns as prescribed by the tax laws of the jurisdictions in which they operate. The provision for income taxes varies from the amount computed by applying the statutory rate (24%) to income before taxes due to certain tax benefits allowed under applicable tax legislation, the non-deductibility of certain expenses and income (loss) being generated in jurisdictions having different tax rates (Kazakhstan 30%, Ukraine and Tajikistan 25%, Armenia 20%, Georgia 15%, in Uzbekistan there is a complex income tax regime, that results in an effective rate of approximately 18%). In 2008, the governments of the Russian Federation and Kazakhstan enacted tax law changes which decreased the tax rates to 20% effective January 1, 2009. As the tax rate change was enacted in 2008, the impact on deferred tax balances (\$137,762) is reflected as of December 31, 2008. Income tax exemptions relate primarily to accumulated tax losses, which may be carried forward for use against future taxable income. However, tax losses do not have an effect on Income Tax Rate (unless reserved by a valuation allowance). Non-deductible expenses consist primarily of legal, consulting, representational and other expenses in excess of allowable limits.

Income tax expense consisted of the following for the years ended December 31:

	2008	2007	2006
Current income taxes	\$ 396,588	\$ 561,070	\$ 330,520
Deferred taxes	(92,654)	32,858	60,143
	<b>\$ 303,934</b>	<b>\$ 593,928</b>	<b>\$ 390,663</b>

A reconciliation between the income tax expense reported in the accompanying consolidated financial statements and income before taxes multiplied by the Russian Federation statutory tax rate of 24% for the years ended December 31 is as follows:

	2008	2007	2006
Income tax expense computed on income before taxes at Russian statutory tax rate	\$ 213,896	\$ 508,886	\$ 290,913
Effect of goodwill impairment	89,056		
Effect of deductible temporary differences not recognized as measured by the change in valuation allowance	58,871	187	8,681
Effect of non-deductible expenses	42,515	71,028	42,246
Effect of tax claims	15,738	(615)	26,531
Taxable capital contribution	14,875	15,001	
Effect of different tax rates in different jurisdictions	8,768	8,984	1,120
Effect of difference in foreign exchange gain/loss recognition			25,197
Effect of change in statutory Income tax rate	(137,762)		
Other	(2,023)	(9,543)	(4,025)
Income tax expense reported in the accompanying consolidated financial statements	<b>\$ 303,934</b>	<b>\$ 593,928</b>	<b>\$ 390,663</b>





**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***15. Income Taxes (continued)**

In 2008, 2007 and 2006, VimpelCom completed a series of significant acquisitions which resulted in the recognition of the fair values of assets and liabilities as of the dates of acquisition (*Note 3*). The purchase price allocation conducted by the Company resulted in a significant increase in the deferred tax liabilities associated with the fair value of the property and equipment, licenses and other intangible assets recognized in the purchase accounting.

VimpelCom has the following significant balances for income tax losses carried forward, fully provisioned as of December 31, 2008 and December 31, 2007, respectively:

Jurisdiction	Balance as of 31.12.2008	Period for carry-forward Carry-forward rule is set up annually by legislation. The rule as of the end of 2008
Ukraine	166,626	period not limited in time
USA	43,781	2019-2028
Russia	10,260	2015-2018
Georgia	44,125	2012-2013
Cyprus	20,615	Not limited in time
Belgium	20,489	Not limited in time
<b>Total</b>	<b>305,896</b>	

For financial reporting purposes, a valuation allowance has been recognized to reflect management's estimate for realization of the deferred tax assets. Valuation allowances are provided when it is more likely than not that some or all of the deferred tax assets will not be realized in the future. These evaluations are based on expectations of future taxable income and reversals of the various taxable temporary differences.

Starting from January 1, 2007, the Company adopted the provisions of FIN 48 (*Note 2*). The reconciliation of the total amounts of unrecognized tax benefit, including fines and penalties (interest), for the years ended December 31, 2008 and December 31, 2007 presented in the table below:

Balance as of January 1, 2007 adoption	\$ 44,344
The gross amounts of the increase (decreases) in unrecognized tax benefits, included in income tax expense in the accompanying consolidated statements of income, as a result of:	
Increase of tax positions taken during the current period	3,146
Decrease of tax positions taken during the current period	(353)
Increase of tax positions taken during a prior period	5,880
Decrease of tax positions taken during a prior period	(9,441)
Decrease in the unrecognized tax benefits as a result of resolution through litigation	(1,063)
Foreign currency translation adjustment	2,567

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<b>Balance as of December 31, 2007</b>	<b>\$ 45,080</b>
The amount of increases in the unrecognized tax benefits as a result of business combinations	<b>\$ 11,389</b>
The gross amounts of the increase (decreases) in unrecognized tax benefits, included in income tax expense in the accompanying consolidated statements of income, as a result of:	
Increase of tax positions taken during the current period	<b>43,719</b>
Decrease of tax positions taken during the current period	<b>(2,648)</b>
Increase of tax positions taken during a prior period	<b>30,139</b>
Decrease of tax positions taken during a prior period	<b>(42,875)</b>
Decrease in the unrecognized tax benefits as a result of resolution through litigation	<b>(16,176)</b>
Foreign currency translation adjustment	<b>(10,257)</b>
<b>Balance as of December 31, 2008</b>	<b>\$ 58,371</b>

F-54

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**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**15. Income Taxes (continued)**

The amount of total unrecognized tax benefit as of December 31, 2008 and December 31, 2007, includes US\$56,101 and US\$20,169, respectively, of unrecognized tax benefits that, if recognized, would affect the effective income tax rate in any future periods.

At January 1, 2008, the Company had accrued US\$10,311, US\$10,148 for the potential payment of fines and penalties (interest), respectively. For the year ended December 31, 2008 and December 31, 2007, the Company accrued additional fines and penalties (interest) of US\$11,275, US\$3,832 and US\$1,488, US\$4,826, respectively. The total amounts of fines and penalties (interest) recognized in the consolidated balance sheet as of December 31, 2008 comprised US\$9,226, US\$3,625.

The Russian tax inspectorate has completed its examination of VimpelCom's tax filings for the years 2003-2006 (*Note 21*). The court hearings with respect to the tax inspectorate claims for tax years 2003-2004 has been finalized, therefore, they will not affect the amount of the unrecognized income tax benefits as of December 31, 2008. The court hearings related to the tax inspectorate claims resulting from the examination of 2005-2006 tax years, if finalized in 2009 could possibly change the amount of the unrecognized income tax benefits.

The total amount of unrecognized tax benefit that could significantly increase or decrease within 12 months due to lapse of statutory limitation term or the results of foregoing litigations comprised US\$13,203 and US\$37,077 as of December 31, 2008 and December 31, 2007, respectively.

Due to the fact that, subject to certain legal issues, the 2005 year remains open to a repeated examination by the tax authorities, the Company considers the tax years from 2005 through 2008 to be open. VimpelCom's subsidiaries in Tajikistan, Ukraine and Uzbekistan are subject to income tax examinations for the tax years 2005 through 2008; the subsidiary in Georgia is subject to income tax examination for the tax years 2003 through 2008; the subsidiary in Kazakhstan is subject to income tax examination for the tax years 2004 through 2008; and the subsidiary in Armenia is subject to income tax examination for the tax years 2006 through 2008. Management is unable to reliably predict the outcome of any tax examinations and the materiality of their impact on VimpelCom's consolidated financial statements, if any.

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***15. Income Taxes (continued)**

The following deferred tax balances were calculated by applying the presently enacted statutory tax rate applicable to the period in which the temporary differences between the carrying amounts and tax base of assets and liabilities are expected to reverse. The amounts reported in the accompanying consolidated financial statements at December 31 consisted of the following:

	2008	2007
<b>Deferred tax assets:</b>		
<b>Short term</b>		
Accrued operating and interest expenses, including gain from derivatives	\$ 7,111	\$ 22,255
Deferred revenue	68,094	55,557
Bad debts assets	7,856	19,968
Derivatives		2,678
Loss carry-forwards	3,079	8,408
<b>Long term</b>		
Accrued operating and interest expenses	9,345	11,189
Non-current assets	2,627	5,707
Loss carry-forwards	75,356	610
	173,468	126,372
Valuation allowance	(74,707)	(10,280)
	98,761	116,092
<b>Deferred tax liabilities:</b>		
<b>Short term</b>		
Bad debts provision	945	178
<b>Long term</b>		
Property and equipment	317,638	312,445
Telecommunication licenses	144,379	175,960
Customer relationships and other intangible assets	166,478	58,225
Other non-current assets	30,789	43,818
Accounts payable		2,043
Derivatives		1,292
	660,229	593,961
<b>Net deferred tax liabilities</b>	<b>561,468</b>	<b>477,869</b>
Add current deferred tax assets	82,788	98,407
Add non-current deferred tax assets	1,521	
Less current deferred tax liability	(1,302)	

<b>Total long-term net deferred tax liability</b>	<b>\$ 644,475</b>	<b>\$ 576,276</b>
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F-56

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***15. Income Taxes (continued)**

At December 31, 2008, undistributed earnings of our foreign subsidiaries indefinitely invested outside of the Russian Federation amounted to approximately US\$550,000. We have not provided deferred taxes on these earnings because we intend that they will remain indefinitely invested outside of the Russian Federation. Determination of the amount of unrecognized deferred taxes related to these undistributed earnings is not practical.

**16. Valuation and Qualifying Accounts**

The following summarizes the changes in the allowance for doubtful accounts for the years ended December 31, 2008, 2007 and 2006:

<b>Balance as of December 31, 2005</b>	<b>\$ 16,467</b>
Provision for bad debts	25,781
Accounts receivable written off	(4,973)
Foreign currency translation adjustment	2,208
<b>Balance as of December 31, 2006</b>	<b>39,483</b>
Provision for bad debts	62,444
Accounts receivable written off	(55,966)
Foreign currency translation adjustment	3,143
<b>Balance as of December 31, 2007</b>	<b>49,104</b>
Provision for bad debts	<b>64,559</b>
Accounts receivable written off	<b>(78,761)</b>
Foreign currency translation adjustment	<b>(2,958)</b>
<b>Balance as of December 31, 2008</b>	<b>\$ 31,944</b>

The provision for bad debts included in the accompanying consolidated statements of income is net of related value-added taxes of US\$9,848, US\$9,525 and US\$3,933 for the years ended December 31, 2008, 2007 and 2006 respectively.

**17. Related Party Transactions**

The Company from time to time enters into certain transactions with its shareholders and their affiliates and other related parties.

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated)**and except per share (ADS) amounts)***17. Related Party Transactions (continued)**

Transactions between VimpelCom and its related parties, except for the transactions described below, consist primarily of services from the related parties and loans to them, which are not material to the financial results of VimpelCom. The following table summarises the significant transactions and balances with related parties:

	2008	2007	2006
Revenue from Alfa	\$ 10,377	\$	\$
Revenue from Telenor	3,221		
Revenue from associates	9,622	520	111
Revenue from other	3,934	21,079	8,407
	<b>\$ 27,154</b>	<b>\$ 21,599</b>	<b>\$ 8,518</b>
Services from Alfa	\$ 9,122	\$ 1,806	\$ 384
Services from Telenor	3,264	590	1,293
Services from associates	35,900	7,992	4,407
Services from other	5,039	8,160	5,567
	<b>\$ 53,325</b>	<b>\$ 18,548</b>	<b>\$ 11,651</b>
Accounts receivable from Alfa	\$ 3,536	\$	
Accounts receivable from Telenor	396		
Accounts receivable from associates	163,871	133	
Accounts receivable from other	393	5,272	
	<b>\$ 168,196</b>	<b>\$ 5,405</b>	
Accounts payable to Alfa	\$ 434	\$	
Accounts payable to Telenor	106	49	
Accounts payable to associates	5,248	1,627	
Accounts payable to other	1,704	1,097	
	<b>\$ 7,492</b>	<b>\$ 2,773</b>	

Outstanding balances and transactions with Alfa represent results of operations with VimpelCom's shareholder Eco Telecom, its consolidated subsidiaries, its direct owners and their consolidated subsidiaries. In particular, VimpelCom has contracts with Alfa Insurance to provide the Company with property and equipment liability insurance; the General Service Agreement with Altimo for provision of legal and personnel services. The Company also has a contracts to provide fixed telecommunication service to Eco Telecom and its subsidiaries.

VimpelCom maintains bank accounts in Alfa Bank, which are used for payroll and other payments in the ordinary course of business. The balances in these bank accounts were US\$139,114 and US\$52,736 at December 31, 2008 and 2007, respectively.



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Outstanding balances and transactions with Telenor represent results of operations with VimpelCom's shareholder Telenor, its consolidated subsidiaries, its direct owners and their consolidated subsidiaries. In particular, VimpelCom has roaming contracts with ProMonte Montenegro, DTAC/UCOM Thailand, ProMonte Montenegro, Telenor Mobil AS Norway, Pannon GSM Telecommunications Ltd. Hunga, Telenor Mobile Sweden Norway; the General Agreement for provision of personnel and General Services Agreement with Telenor Russia AS. VimpelCom also has a contract to provide fixed telecommunication service to Telenor Mobile Holding AS Norway.

F-58

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***17. Related Party Transactions (continued)**

Outstanding balances and transactions with associates include operations with VimpelCom's equity investees (Note 10). Euroset transactions included from the acquisition date (Note 3) mainly represent dealer commission payments for the acquisition of new subscribers and commission for payments receipts. Operations with associates also include purchase of bill delivery services from Firma Kurier. VimpelCom also has a contract to provide fixed telecommunication service with ZAO Rascom.

**18. Earnings per Share**

Net income per common share for all periods presented has been determined in accordance with SFAS No. 128, *Earnings per Share*, by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. Net income per share of common stock has been adjusted by a factor of twenty to determine net income per ADS equivalent as each ADS is equivalent to one-twentieth of one share of common stock.

The following table sets forth the computation of basic and diluted earnings per share:

	<b>Years ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>(restated*)</b>		
	<i>(In thousands of US dollars, except per share amounts)</i>		
<b>Numerator:</b>			
Net income before cumulative effect of change in accounting principle attributable to VimpelCom	<b>\$ 524,334</b>	\$ 1,462,706	\$ 813,371
Less: impact on net income attributable to VimpelCom through changes in Redeemable noncontrolling interest	<b>(1,060)</b>		
	<b>523,274</b>	1,462,706	813,371
<b>Denominator:</b>			
Denominator for basic earnings per share - weighted average shares	<b>50,700</b>	50,818	50,911
Effect of dilutive securities:			
Employee stock options	<b>3</b>		36
<b>Denominator for diluted earnings per share - assumed conversions</b>	<b>50,703</b>	50,818	50,947
<b>Basic net income attributable to VimpelCom per common share</b>	<b>\$ 10.32</b>	\$ 28.78	\$ 15.98
<b>Diluted net income attributable to VimpelCom per common share</b>	<b>\$ 10.32</b>	\$ 28.78	\$ 15.97

\* See Note 23

Employee stock options that are out of the money as of December 31, 2008 that could potentially dilute basic EPS in the future were not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented.

**19. Stock Based Compensation Plan**

As discussed in *Note 14*, VimpelCom has adopted a stock based compensation plan, which has been amended since inception.

The Plan is administered by a Committee which, as of December 31, 2008, consisted of the Compensation Committee of VimpelCom's Board. The Committee has the power to determine the terms and conditions of grants under the Plan, including the number of options to be granted, the exercise price and the vesting schedule.

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated)**and except per share (ADS) amounts)***19. Stock Based Compensation Plan (continued)**

The following table summarizes the activity for the plan:

	Number of Options		
	2008	2007	2006
Options outstanding, beginning of year	459,825	372,261	208,267
Options granted	223,000	279,500	273,500
Options exercised	(62,970)	(177,436)	(79,006)
Options forfeited	(47,558)	(14,500)	(30,500)
<b>Options outstanding, end of year</b>	<b>572,297</b>	459,825	372,261
<b>Options exercisable, end of year</b>	<b>264,516</b>	92,825	83,428

No options expired in the years ended December 31, 2008, 2007 or 2006. The following table summarizes the weighted-average exercise prices of options for each of the following groups of options as of December 31, 2008:

	Options granted in 2005	Options granted in 2006	First options granted in 2007	Second options granted in 2007	Options granted in 2008	Total
The number of options outstanding, beginning of year	46,400	142,425	261,500	9,500		459,825
Weighted-average exercise price of options outstanding	136.9	177.0	401.9	496.2		307.4
The number of options granted					223,000	223,000
Weighted-average exercise price of options granted					658	658
The number of options exercised	(14,310)	(38,560)	(10,100)			(62,970)
Weighted-average exercise price of options exercised	136.9	177.0	401.9			204.0
The number of options forfeited			(22,250)	(2,219)	(23,089)	(47,558)
Weighted-average exercise price of options forfeited			401.9	496.2	658.0	530.6
Options outstanding, end of year	32,090	103,865	229,150	7,281	199,911	572,297
Weighted-average exercise price of options outstanding	136.9	177.0	401.9	496.2	658.0	436.9
The weighted-average remaining contractual life (years)	0.5	1.3	2.4	3	3.4	2.5
The aggregate intrinsic value of options outstanding	190					190
Out of the options outstanding at the end of the year						
The number of options exercisable	32,090	103,865	121,400	4,750	2,411	264,516
Weighted-average exercise price of options exercisable	136.9	177.0	401.9	496.2	658.0	285.5
The weighted-average remaining contractual life (years)	0.5	1.3	2.4	2.7	3.4	1.7
The aggregate intrinsic value of options exercisable	190					190



**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***19. Stock Based Compensation Plan (continued)**

The options granted generally vest at varying rates over two year periods. If certain events provided for in the Plan and the agreement relating to each option grant occur, the vesting period for certain employees is accelerated. VimpelCom recognizes compensation cost separately for each vesting tranche for awards subject to the graded vesting. The total fair values of shares vested during the years ended and as of December 31, 2008, 2007 and 2006 were of US\$5,683, US\$60,148 and US\$14,275, respectively. The number of shares converted for the 62,970 options exercised during 2008 was 40,568 and share-based liabilities paid to employees was of US\$25,487. The number of shares converted for the 177,436 options exercised during 2007 was 100,113 and share-based liabilities paid to employees was of US\$51,471. The number of shares converted for the 79,006 options exercised during 2006 was of 49,411 and share-based liabilities paid to employees was of US\$12,855. Amounts of liabilities paid were equal to intrinsic value of options exercised as of exercise date.

The manner of exercise of stock options, prior to December 24, 2008, required variable accounting for stock-based compensation under FAS No. 123R and the options were considered liability awards. The amount of compensation expense in respect of the Plan included in the accompanying consolidated statements of operations was US\$121,890 gain, US\$171,242 expense and US\$44,317 expense in the years ended December 31, 2008, 2007 and 2006, respectively. As of the balance-sheet date presented, the total compensation cost related to non-vested awards not yet recognized is US\$2,255 and the weighted-average period over which it is expected to be recognized is 1.2 years.

The fair value of the options has been estimated using a Black Scholes option pricing model that uses the following significant assumptions. Expected term of the options was determined based on analysis of historical behavior of stock option participants. Expected volatility of VimpelCom's shares was estimated based on the historical volatility of the shares on the New York Stock Exchange over the period equal to the expected life of the option granted and other factors. The dividend yield was included into the model based on last dividend payment. The risk free rate was determined using the rate on Russian Government Bonds, having a remaining term to maturity equal to the expected life of the options, approximated where applicable. Forfeiture rate was determined as an average for the historic experience for all grants.

The following table illustrates the major assumptions of the Black Scholes model for each of the following groups of options as of December 31, 2008:

	Options granted in 2005	Options granted in 2006	First options granted in 2007	Second options granted in 2007	Options granted in 2008	Total
Expected volatility	147%-180%	127%-184%	123%-156%	110%-154%	91%-156%	
The weighted-average expected term (in years)	0.2	0.4	0.6	0.7	1.3	0.8
Expected dividend yield	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Risk free interest rate	7,6%-8,7%	7,9%-9,0%	8,3%-9,2%	8,3%-10%	8,3%-11,8%	
Forfeiture rate	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**19. Stock Based Compensation Plan (continued)**

As of December 31, 2008, the equity related to the share-based compensation arrangements granted under the Plan amounted to US\$12,030.

In addition to the Plan, members of the Board who are not employees participate in a phantom stock plan, pursuant to which they each receive up to a maximum of 20,000 phantom ADSs per year with an additional 10,000 phantom ADSs granted to the chairman of the Board and 10,000 phantom ADSs granted to each director for serving as head of any official committee of the Board, provided that the amount paid to a director upon redemption may not exceed US\$3.00 per phantom ADS per year of each one-year term served by the director. The number of phantom ADS to be granted to each director is set by the Board. The phantom ADS may be redeemed for cash on the date the director ceases to be a director; provided, however, that directors who are re-elected to the Board may redeem such phantom ADS related to a previous period of his/her service as a director at any time from the date of his or her re-election to the date he or she is no longer a director. As of December 31, 2008, an aggregate of 1,360,000 phantom ADS were outstanding under phantom stock plan, of which 1,140,000 are currently redeemable or will become redeemable within 60 days of the financial statement date at prices per phantom ADS ranging from US\$0.96 to US\$20.88. As of December 31, 2008, the liability related to the phantoms amounted to US\$2,416.

VimpelCom's senior managers are also eligible to receive phantom ADSs in an amount approved by the Compensation Committee of the Board. The Board determines the aggregate amount of phantom ADSs that may be granted to senior managers in each calendar year. In 2007 and 2008, the Board authorized the granting of 2,575,000 and 4,460,000 phantom ADSs, respectively. As of December 31, 2008, an aggregate of 3,375,000 phantom ADSs were outstanding, of which 2,172,120 are currently redeemable or will become redeemable within 60 days of the financial statement date at a price per phantom ADS ranging from US\$32.2 to US\$44.98. As of December 31, 2008, the liability related to the phantom ADSs amounted to US\$325.

**20. Segment Information**

Historically, VimpelCom has reflected its reportable segments on a geographical basis. Management has historically taken this approach as this is effectively how the business is managed, which is in line with the requirements of SFAS No. 131, *Disclosure about Segments of an Enterprise and Related Information* ( **SFAS No. 131** ).

Management analyzes the reportable segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. The segment data for acquired operations are reflected herein from the date of their acquisitions. The Board and management utilize more than one measurement and multiple views of data to measure segment performance. However, the dominant measurements are consistent with VimpelCom's consolidated financial statements and, accordingly, are reported on the same basis herein. Management evaluates the performance of its segments on a regular basis primarily based on revenue, operating income, income before income taxes and net income along with cash flows and overall economic returns. Inter-segment revenues are eliminated in consolidation. Inter-segment revenues may be accounted for at amounts different from sales to unaffiliated companies. The accounting policies of the segments are the same as those of VimpelCom.

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***20. Segment Information (continued)**

Starting from the date of acquisition of Golden Telecom (Note 3), VimpelCom's Board and management identified Russia mobile, Russia fixed, CIS mobile and CIS fixed reporting segments based on the business activities in different geographical areas. These segments have been determined based on the nature of their operations: mobile includes activities for the providing of wireless telecommunication services to the Company's subscribers; fixed line includes all activities for providing wireline telecommunication services, broadband and consumer Internet. The Board and management assess the performance of these operating segments as part of their review of the geographic reportable segments. Information about other business activities and operating segments that are not reportable due to non materiality of business activity was combined and disclosed in the "Other" category separate from other reconciling items.

Financial information by reportable segment for the years ended December 31, 2008, 2007 and 2006 is presented in the following tables.

Year ended December 31, 2008:

	<b>Russia Mobile</b>	<b>Russia Fixed line</b>	<b>CIS Mobile</b>	<b>CIS Fixed line</b>	<b>Other</b>	<b>Total</b>
Net operating revenues from external customers	\$ 7,310,487	\$ 1,286,697	\$ 1,294,677	\$ 225,071	\$	<b>\$ 10,116,932</b>
Intersegment revenues	61,279	142,769	20,318	47,663		<b>272,029</b>
Impairment loss		315,049	90,078		37,620	<b>442,747</b>
Depreciation and amortization	1,204,676	219,442	368,305	88,526	215	<b>1,881,164</b>
Operating income	2,667,369	(191,226)	81,765	23,942	(45,900)	<b>2,535,950</b>
Interest income	97,451	14,703	4,081	1,140	1,685	<b>119,060</b>
Interest expense	(464,682)	(18,209)	(52,235)	(5,982)	(1,968)	<b>(543,076)</b>
Income before income taxes	1,463,321	(268,040)	(196,607)	250	(107,690)	<b>891,234</b>
Income tax expense/(benefit)	316,911	(1,863)	(1,439)	(5,062)	(4,613)	<b>303,934</b>
Net income attributable to VimpelCom	1,145,969	(266,443)	(260,448)	3,372	(98,116)	<b>524,334</b>
Total assets	8,284,753	4,088,643	3,061,215	781,917	543,080	<b>16,759,608</b>
Non-current assets other than goodwill	5,132,739	1,579,043	1,926,447	672,335	531,140	<b>9,841,704</b>
Goodwill	749,978	1,935,455	781,382	10,127		<b>3,476,942</b>
Expenditures for long-lived assets	1,432,807	343,601	636,069	139,041	19,327	<b>2,570,845</b>

F-63



**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***20. Segment Information (continued)**

Year ended December 31, 2007:

	<b>Russia Mobile</b>	<b>Russia Fixed line</b>	<b>CIS Mobile</b>	<b>CIS Fixed line</b>	<b>Other</b>	<b>Total</b>
Net operating revenues from external customers	\$ 6,090,316	\$	\$ 937,419	\$ 143,363	\$	\$ 7,171,098
Intersegment revenues	3,354		10,413			13,767
Depreciation and amortization	1,108,971		220,339	61,243		1,390,553
Operating income	1,991,833		198,592	15,765		2,206,190
Interest income	54,535		662	490		55,687
Interest expense	(168,944)		(47,146)	(1,415)		(217,505)
Income before income taxes	1,937,086		169,715	13,555		2,120,356
Income tax expense	514,819		76,357	2,752		593,928
Net income attributable to VimpelCom	1,422,221		30,661	9,824		1,462,706
Total assets	7,891,322		2,568,758	473,278	24,620	10,957,978
Non-current assets other than goodwill	5,586,534		1,790,698	400,556	24,363	7,802,151
Goodwill	451,428		565,266	23,122		1,039,816
Expenditures for long-lived assets	1,072,520		634,123	66,176		1,772,819

Year ended December 31, 2006:

	<b>Russia Mobile</b>	<b>Russia Fixed line</b>	<b>CIS Mobile</b>	<b>CIS Fixed line</b>	<b>Other</b>	<b>Total</b>
Net operating revenues from external customers	\$ 4,400,296	\$	\$ 450,760	\$ 16,922	\$	\$ 4,867,978
Intersegment revenues	1,509		3,572			5,081
Depreciation and amortization	900,292		145,949	8,223		1,054,464
Operating income	1,403,247		(4,665)	(1,263)		1,397,319
Interest income	22,599		699	51		23,349
Interest expense	(173,796)		(20,422)	(64)		(194,282)
Income before income taxes	1,231,267		(18,965)	(164)		1,212,138
Income tax expense	373,666		16,539	458		390,663
Net income attributable to VimpelCom	855,065		(42,629)	(947)		811,489
Total assets	6,549,159		1,730,423	372,413	20,692	8,672,687
Non-current assets other than goodwill	4,902,615		1,276,718	336,772	20,662	6,536,767
Goodwill	248,968		518,892	7,363		775,223
Expenditures for long-lived assets	1,049,481		457,764	4,868		1,512,113

F-64

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***20. Segment Information (continued)**

A reconciliation of VimpelCom's total segment financial information to the corresponding consolidated amounts follows:

	Segment total	Intersegment interest	Consolidated totals
<b>For the year ended December 31, 2008</b>			
interest income	119,060	(47,442)	71,618
interest expense	(543,076)	47,442	(495,634)
<b>For the year ended December 31, 2007</b>			
interest income	55,687	(22,666)	33,021
interest expense	(217,505)	22,666	(194,839)
<b>For the year ended December 31, 2006</b>			
interest income	23,349	(7,878)	15,471
interest expense	(194,282)	7,878	(186,404)

	December 31, 2008	December 31, 2007
<b>Assets</b>		
Total assets for reportable segments	\$ 16,759,608	\$ 10,957,978
Elimination of intercompany balances	(1,034,455)	(389,094)
<b>Total consolidated assets</b>	<b>\$ 15,725,153</b>	<b>\$ 10,568,884</b>

In Russia and Kazakhstan, our revenues from external customers amounted to US\$8,597,184 and US\$740,378 for the year ended December 31, 2008, respectively and long-lived assets amounted to US\$6,206,125 and US\$998,216 as of December 31, 2008, respectively.

**21. Commitments, Contingencies and Uncertainties**

The economies of Russia, Kazakhstan, Ukraine, Tajikistan, Uzbekistan, Georgia and Armenia continue to display certain traits consistent with that of a market in transition. These characteristics have in the past included higher than normal historic inflation, lack of liquidity in the capital markets, and the existence of currency controls which cause the national currency to be illiquid outside of their territories. The continued success and stability of the economies of Russia, Kazakhstan, Ukraine, Tajikistan, Uzbekistan, Georgia and Armenia will be significantly impacted by their respective governments' continued actions with regard to supervisory, legal and economic reforms.

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The ongoing global financial crisis has resulted in capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia as well as ruble depreciation. While the Russian Government has introduced a range of stabilization measures aimed at providing liquidity and supporting debt refinancing for Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital

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for Russian companies. The crisis may also damage purchasing power of our customers mainly in business sector and thus lead to decline in revenue streams and cash generation.

F-65

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**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**21. Commitments, Contingencies and Uncertainties (continued)**

While management believes it is taking appropriate measures to support the sustainability of the VimpelCom's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Company's results and financial position in a manner not currently determinable.

In the ordinary course of business, VimpelCom may be party to various legal and tax proceedings, and subject to claims, certain of which relate to the developing markets and evolving fiscal and regulatory environments in which VimpelCom operates. In the opinion of management, VimpelCom's liability, if any, in all pending litigation, other legal proceeding or other matters, other than what is discussed in this Note, will not have a material effect upon the financial condition, results of operations or liquidity of VimpelCom.

VimpelCom's operations and financial position will continue to be affected by political developments in Russia, Kazakhstan, Tajikistan, Ukraine, Uzbekistan, Georgia and Armenia, including the application of existing and future legislation and tax regulations. These developments could have a significant impact on VimpelCom's ability to continue operations. VimpelCom does not believe that these contingencies, as related to its operations, are any more significant than those of similar enterprises in Russia, Kazakhstan, Tajikistan, Ukraine, Uzbekistan, Georgia and Armenia.

**Telecom Licenses Capital Commitments**

VimpelCom's ability to generate revenues in Russia is dependent upon the operation of the wireless telecommunications networks authorized under its various licenses. VimpelCom's GSM-900/1800 licenses that cover Moscow and the Moscow region, Central region, Volga region, Caucasus region, and the Siberia region have been reissued and under the new terms expire on April 28, 2013. The GSM-900/1800 licenses that cover the Northwest region, Urals and part of Far East region expire in 2011 - 2012 (the GSM-900/1800 license for Irkutsk region, excluding Ust-Ordynskiy Buryatskiy Autonomous Region, expires in 2011).

In April 2007 VimpelCom was awarded a license for the provision of 3G mobile radiotelephony communications services for the entire territory of the Russian Federation that expires on May 21, 2017. The 3G license was granted subject to certain capital commitments. The three major conditions are that VimpelCom will have to build a certain number of base stations that support 3G standards and will have to start services provision by certain dates in each subject area of the Russian Federation, and also will have to build a certain number of base stations by the end of the third, fourth and fifth years from the date of granting of the license.

KaR-Tel owns a GSM-900 license to operate over the entire territory of Kazakhstan. The license expires in August 2013. The license was given to KaR-Tel subject to its ability to meet the following requirements by August 2003: develop the telecommunication network that covers all major highways in the territory of Kazakhstan, roads in the territory of resorts and cities with populations of more than 10,000 people. As of December 31, 2008 KaR-Tel had built its telecommunication network to cover approximately 98% of the major highways in different regions of Kazakhstan. In July 2008, the GSM-900 license was added with the permission for use of 1800 radiofrequency, the related commitment is to cover cities with populations of more than 1000 people by December 31, 2012.

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**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**21. Commitments, Contingencies and Uncertainties (continued)**

**Taxation**

The taxation systems in Russia, Kazakhstan, Tajikistan, Ukraine, Uzbekistan, Georgia and Armenia are evolving as their respective national governments transform their national economies from a command to market oriented economies. In the Russian Federation, VimpelCom's predominant market, there were many tax laws and related regulations introduced in previous periods as well as in 2008 which were not always clearly written, and their interpretation is subject to the opinions of the local tax inspectors and officials of the Ministry of Finance. Instances of inconsistent opinions between local, regional and federal tax authorities and Ministry of Finance are not unusual. Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, VimpelCom has accrued tax liabilities based on management's best estimate.

On July 6, 2006, VimpelCom received the Russian tax inspectorate's final decision with respect to the audit of VimpelCom's 2003-2004 Russian tax filings. The decision states that VimpelCom owes an additional 1,804 million Russian roubles in taxes (including 349 million Russian roubles in fines and penalties), which is approximately US\$61,401 (including approximately US\$11,879 in fines and penalties) at the exchange rate as of December 31, 2008.

VimpelCom challenged the tax inspectorate's final decision and as of December 31, 2008, VimpelCom received positive court rulings that invalidated the major portion of the tax inspectorate's final decision. At the same time VimpelCom lost the portion of its claim for the total amount of 166 million Russian roubles in income tax (which is approximately US\$5,650 at the exchange rate as of December 31, 2008), however, the tax inspectorate has acknowledged that the above sum can be partly (164 million Russian rubles, or \$5,580) deducted during the 2005 tax year. All court hearings with respect to the tax examination for the tax years 2003-2004 have been finished.

On June 30, 2008, the Company received a final decision of the Russian tax inspectorate's review of VimpelCom's tax filings for financial years 2005 and 2006. According to the final decision, VimpelCom owes an additional 1,250.5 million Russian roubles in taxes (including 48.6 million Russian roubles in fines and penalties), which is approximately US\$42,562 (including approximately US\$1,654 in fines and penalties) at the exchange rate as of December 31, 2008. The Company disagrees with the tax inspectorate's decision and has filed a lawsuit in the Russian arbitration courts.

EDN Sovintel is engaged in litigation with the Russian tax inspectorate in regard to claims issued by the tax inspectorate on September 25, 2006. The Russian tax inspectorate claimed that Sovintel owes taxes, fines and penalties in the amount of approximately US\$24.1 million for the years ended December 31, 2004 and 2005. On October 4, 2006, Sovintel filed a lawsuit against the tax inspectorate disputing the claims. Sovintel challenged the tax inspectorate's final decision during 2008 year and as of December 31, 2008, Sovintel received positive court rulings that invalidated all claims of the tax inspectorate's final decision. All court hearings with respect to the tax examination for the tax years 2004-2005 have been finished.

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**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**21. Commitments, Contingencies and Uncertainties (continued)**

**Taxation (continued)**

On April 30, 2009, the Company's subsidiary - EDN Sovintel - received a final decision of the Russian tax inspectorate's review of its tax filings for financial years 2006 and 2007. According to the final decision, EDN Sovintel owes an additional RUR323.8 in taxes (including RUR 35.9 in fines and penalties), which is approximately US\$9,739 (including approximately US\$1,080 in fines and penalties) at the exchange rate as of April 30, 2009. EDN Sovintel disagrees with the tax inspectorate's decision and intends to file a lawsuit in the Russian Arbitration courts.

**KaR-Tel**

On January 10, 2005, Limited Liability Partnership KaR-Tel (KaR-Tel) received an order to pay issued by The Savings Deposit Insurance Fund, a Turkish state agency responsible for collecting state claims arising from bank insolvencies (the Fund), in the amount of approximately US\$5.5 billion (stated as approximately Turkish Lira 7.55 quadrillion and issued prior to the introduction of the New Turkish Lira, which became effective as of January 1, 2005). The order, dated as of October 7, 2004, was delivered to the Company by the Bostandykski Regional Court of Almaty. The order does not provide any information regarding the nature of, or basis for, the asserted debt, other than to state that it is a debt to the Turkish Treasury and the term for payment was May 6, 2004.

On January 17, 2005, KaR-Tel delivered to the Turkish consulate in Almaty a petition to the Turkish court objecting to the propriety of the order and requesting the Turkish court to cancel the order and stay of execution proceedings in Turkey. We understand that KaR-Tel's petition was assigned to the 4th Administrative Court in Turkey, and it should be reviewed pursuant to applicable law.

On June 1, 2006, KaR-Tel received formal notice of the Administrative Court's ruling that the stay of execution request was denied. KaR-Tel's Turkish counsel has advised KaR-Tel that the stay request is being adjudicated separately from the petition to cancel the order. KaR-Tel has submitted an appeal of the ruling with respect to the stay application.

On June 1, 2006 KaR-Tel also received the Fund's response to its petition to cancel the order. In its response, the Fund asserts, among other things, that the order to pay was issued in furtherance of its collection of approximately US 5.5 billion in claims against the Uzan group of companies that were affiliated with the Uzan family in connection with the failure of T. Imar Bankasi, T.A.S. The Fund's response to KaR-Tel's petition claims that the Uzan group of companies includes KaR-Tel, Rumeli Telecom A.S. and Telsim Mobil Telekomunikasyon Hizmetleri A.S. These two Turkish companies owned an aggregate 60% of the equity interests in KaR-Tel until their interests were redeemed by KaR-Tel in November 2003 in accordance with a decision of the Review Panel of the Supreme Court of Kazakhstan. In July 2006, KaR-Tel submitted its response, dated June 30, 2006, to the Fund's via the Kazakh Ministry of Justice, to be forwarded to the 4th Administrative Court of Istanbul, denying in material part the factual and legal assertions made by the Fund in support of the order to pay.

On December 11, 2008, KaR-Tel received a Decision of Territorial Court of Istanbul dated December 12, 2007, where the Court rejected KaR-Tel's appeal with respect to the stay of execution request. On December 11, 2008 KaR-Tel also received a response from the Fund to KaR-Tel's court filing in July 2006. The Turkish court presiding over the case may issue a decision on the basis of the parties' filings. KaR-Tel continues to believe that the Fund's claim is without merit, and KaR-Tel will take whatever actions it deems necessary and appropriate to protect itself against the Fund's claim.



**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***21. Commitments, Contingencies and Uncertainties (continued)****Other Litigations**

On April 15, 2008, we received a copy of a purported claim filed with the Arbitration Court of Khanty-Mansiisky Autonomous Okrug in Russia from Farimex Products, Inc., the purported holder of 25,000 of our ADSs. The named defendants under the claim are Eco Telecom Limited, Altimo, Avenue Limited, Janow Properties Limited, Santel Limited, Telenor and OJSC CT-Mobile. Both our company and several of our current and former directors, namely, Messrs. Mikhail Fridman, Arve Johansen, Alexey Reznikovich, Fridtjof Rusten and Henrik Torgersen, are named as third parties to the case. Under Russian law, a person named as a third party to a claim is generally a person potentially interested in the case who can participate in the proceedings if he so chooses. A third party is not a defendant in the claim and judgments cannot be entered against a person solely due to the fact that the person was named as a third party. The claimant is seeking reimbursement from the defendants to our company of approximately US\$3.8 billion in alleged damages caused to our company by the actions of the defendants with regard to our entrance into the Ukrainian telecommunications market. Among other things, the claimant alleged that Alfa and Telenor prevented our company from acquiring Kyivstar and that Telenor, acting through the directors on our board nominated by Telenor, caused a delay in our acquisition of URS, which caused us damages. The court rejected the claimant's motion to arrest the shares in our company owned by Eco Telecom and Telenor to secure the claim. On August 16, 2008, the court of first instance sustained the claim in part and held Telenor liable for approximately US\$2.8 billion of damages. Telenor appealed this decision and on December 29, 2008 the Court of Appeals vacated the lower court's ruling and remanded it for a new hearing at a different court of first instance. On February 20, 2009, the court of first instance sustained the claim in part and found Telenor liable for approximately US\$1.7 billion in damages. Telenor is appealing this decision. Subsequent to the court ruling, a court bailiff arrested 15.3 million of our ordinary shares owned by Telenor. We understand that these shares can, under certain circumstances, be sold by the court bailiff to satisfy the court judgment. The court bailiff may also transfer the shares to us to the extent that they cannot be sold to satisfy the court judgment within a certain period of time. Telenor has applied for a stay of enforcement proceedings but the court denied the application. Telenor has publicly stated that it is appealing this decision. If a stay of enforcement is granted, it would freeze the sale of the arrested shares. On April 3, 2009, Telenor publicly disclosed that it has officially been served with a claim to pay US\$1.7 billion to VimpelCom and that it has five days to pay the sum voluntarily. We received a letter from Telenor, dated March 31, 2009, addressed to our former CEO, relating to the Farimex Case. In the letter, Telenor alleges that in connection with the Farimex Case there have been gross violations of Telenor's procedural and substantive rights, and states, among other things, that they expect that VimpelCom would publicly denounce the Farimex Case and publicly state that it will have nothing to do with the case or any proceeds from the Farimex Case. Telenor also stated in the letter that if for any reason we accept, whether actively or through our own inaction, the payment of proceeds of enforcement of the Farimex Case, Telenor will not hesitate to pursue whatever remedies against us (and, if appropriate, any of our management involved, personally) as may be available to Telenor in the United States and Europe, or before any transnational courts or agencies. On April 3, 2009, we responded to Telenor's letter and stated, among other things, that if and when we are faced with a decision respecting the outcome or implications of the Farimex Case, we, of course, will act in accordance with all applicable laws, rules and regulations and in the best interests of our shareholders and that we will protect our reputation and will defend our company and our officers and directors against actions taken against us or them. As of the date hereof, the Company is not aware of any pending legal action against it in connection with this matter.



**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated  
and except per share (ADS) amounts)*

**21. Commitments, Contingencies and Uncertainties (continued)****Other Litigations (continued)**

In April 2009, for the purpose of control over VAT payments, the tax authorities requested that the Company provide the details of the Court decision as of March 2, 2009, concerning the reimbursement of losses from Telenor in favor of VimpelCom. Taking into consideration that the amount of the judgment is not related to the Company's ordinary business obligations for goods or services, management believes that the amount is not subject to tax.

At this stage, we do not know what, if any, further actions we will take or will be required to take regarding this matter and we cannot predict what, if any, impact this matter may have on our strategic shareholders, named board members or our Company. No amounts have been accrued in these financial statements in relation to this claim.

**Operating Lease Commitments**

Operating lease commitments for each of the succeeding five years is expected to be as follows:

2009	86,037
2010	14,930
2011	13,294
2012	11,843
2013	9,686
Thereafter	65,270
<b>Total</b>	<b>201,060</b>

**Other Commitments**

On August 13, 2008 the Company entered into an agreement with Apple Sales International ( Apple ) to purchase 1.5 million iPhone handsets under the quarterly purchase installments over a two year period beginning with commercial launch in the fourth quarter 2008. The Company made 12% of its quarterly purchase installment of iPhones in 2008 but did not purchase the iPhone handsets in the first quarter of 2009.

**22. Subsequent Events**

In December 2007 and in February 2008 VimpelCom in connection with acquisition of Golden Telecom, Inc provided to its wholly owned subsidiary Lillian Acquisition loans in the total amount of USD 4,128,400. Golden Telecom, Inc after merger with Lillian Acquisition became a borrower under these loan agreements. On 22 January 2009 VimpelCom and Golden Telecom, Inc. completed conversion of the entire amount of the debt owed by Golden Telecom under these loan agreements into the equity of Golden Telecom, Inc and became a direct owner of 96.27%

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of the share capital of Golden Telecom, Inc with remaining 3.73% owned by Vimpelcom Finance BV, wholly owned subsidiary of VimpelCom.

F-70

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**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated*

*and except per share (ADS) amounts)*

**22. Subsequent Events (continued)**

On 11 February, 2009 VimpelCom submitted to the Russian Federal Financial Markets Service documentation required for the potential issuance of Russian ruble-denominated bonds through LLC VimpelCom-Invest, a wholly owned subsidiary of VimpelCom. The bonds may be issued depending on VimpelCom's funding needs within a period of one year from the date on which the Russian Federal Financial Markets Service registers the submitted documentation. The proposed amount of the issue is up to 30 billion Russian rubles, which is the equivalent of approximately US\$834,992 at Central Bank of Russia exchange rate as of 11 February 2009. The bonds will be guaranteed by VimpelCom.

The proposed maturity period is five years. The coupons are to be paid semiannually. Bond holders will have the right to sell their bonds to VimpelCom-Invest earlier under conditions which will be determined prior to the public placement. The bonds may be issued in three series with face values of 10 billion rubles for each, and the coupon rate for each series will be determined for the period prior to exercise of the put-option or redemption, depending on market conditions. The annual interest rate will be defined as the result of a public placement.

VimpelCom intends to use the proceeds from the bonds for refinancing of its existing indebtedness denominated in foreign currency and the development of VimpelCom's core business. There is no assurance that VimpelCom will be able to issue these bonds or that if it does issue the bonds, that it will be able to issue bonds for the full amount intended.

On March 10, 2009, VimpelCom signed a three year loan agreement with Sberbank in the amount of RUR 8,000 million, the equivalent to US\$223,855 as of March 10, 2009. The loan agreement bears annual maximum interest at a rate of 19.0% and matures on December 27, 2011. The indebtedness under this loan agreement will be secured by the pledge of the telecommunication equipment in the Rouble amount equivalent to US\$233,649 as of March 10, 2009.

On March 10, 2009, VimpelCom signed a four year loan agreement with Sberbank in the amount of \$US250,000. The loan agreement bears annual maximum interest at a rate of 13.0% and matures on December 27, 2012. The indebtedness under this loan agreement will be secured by the pledge of the telecommunication equipment in the amount of US\$257,500.

On March 24, 2009, VimpelCom signed a seven year loan agreement with HVB in the amount of US\$160,250. The facility is guaranteed by EKN export credit agency. The facility is to finance equipment and services provided to VimpelCom by Ericsson on a reimbursement basis. The principal amount will be repaid in 14 equal semi-annual payments plus interest equal to 6-month LIBOR + 1.95% per annum. The maturity date of the loan is 2016.

In March 2009, we entered into a series of forward agreements to acquire US\$166,692 in Russian rubles to hedge our short-term US dollar denominated liabilities due in the fourth quarter of 2009.

**Table of Contents**

Open Joint Stock Company Vimpel-Communications

Notes to Consolidated Financial Statements (continued)

*(Amounts presented are in thousands of US dollars unless otherwise indicated**and except per share (ADS) amounts)***22. Subsequent Events (continued)**

In accordance with terms of the US\$275,000 facility agreement dated 25 January 2007 among Golden Telecom, Inc., EDN Sovintel LLC, GTS Finance, Inc. and syndicate of banks, Golden Telecom, Inc. must provide its audited consolidated financial statements. Event of default occurs in case annual consolidated financial statements are not provided within 120 days after the end of the financial year and this breach is not remedied within 21 subsequent business days. On April 30, 2009 we have received a waiver letter from lenders with an extension of financial statements delivery period until May 29, 2009. The Company is going to sign an amendment to the loan facility in order to exclude requirement to submit consolidated financial statements of Golden Telecom, Inc. or make prepayment of the full amount of the facility in case signing of the amendment is not possible.

**23. Restatement of the Measurement of Noncontrolling Interest**

VimpelCom has restated its consolidated financial statements as of December 31, 2008 and for the year then ended. The restatement was required to correct the Company's application of EITF Topic D-98, *Classification and Measurement of Redeemable Securities* ( EITF Topic D-98 ), in accounting for the Company's contractual arrangements with respect to the 25% noncontrolling interest in its subsidiary Limnotex, which is held by Crowell (Note 3). The Company concluded that the redemption features embedded within these contractual arrangements as modified on June 28, 2008 could or will result in the noncontrolling interest being redeemable outside of the control of VimpelCom at various dates. Crowell may exercise a put option between January 1, 2010 and December 31, 2010, at a redemption amount of US\$550,000 in the aggregate. Additionally, after the 2008 audited financial statements of KaR-Tel are issued, the Company has a call option on the noncontrolling interest for a redemption amount determined by a fair value-based pricing mechanism which must be exercised on or before December 31, 2011. As of December 31, 2008, the redemption amount of the redeemable noncontrolling interest based on this fair value-based pricing mechanism (as if the noncontrolling interest were currently redeemable) was US\$566,000.

Prior to the restatement, the Company accounted for the noncontrolling interest at its carrying value as permanent equity under the line item Noncontrolling interest. In accordance with EITF Topic D-98, securities with redemption features that are not solely within the control of the issuer should be classified outside of permanent equity. Accordingly, the Company determined that the noncontrolling interest held by Crowell in Limnotex should have been classified as temporary equity (under the line item Redeemable noncontrolling interest ) in its consolidated financial statements and recorded at its estimated fair value at the date of the change to the redemption features in its contractual arrangements with Crowell. The difference between this amount and the previous carrying value of the noncontrolling interest was charged to VimpelCom's shareholders' equity.

The estimated fair value of the redeemable noncontrolling interest was calculated by discounting the future redemption amount of the noncontrolling interest from January 1, 2010 (the date on which the noncontrolling interest first becomes redeemable outside of VimpelCom's control). The redeemable noncontrolling interest has been valued based on the terms of the put option because the fair value of the redemption amount that may be required on January 1, 2010 under the put option exceeded the fair value of the redemption amount that may be required on December 31, 2011 under the call option. If, in the future, the fair value of the redemption amount under the call option at the latter redemption date is greater, the Redeemable noncontrolling interest will accrete to that amount.

Following the initial adjustment, the redeemable noncontrolling interest is then accreted to its redemption amount over the redemption term. The redeemable noncontrolling interest is first credited with its share of earnings of the Company's subsidiary, Limnotex, and, to the extent that this is less than the required accretion, the difference is charged to additional paid-in capital. The charge to additional paid-in capital does not affect net income attributable to VimpelCom in the Company's income statement, but does reduce the numerator in the calculation of earnings per share (see Note 18).

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The amounts originally presented in additional paid-in capital, accumulated other comprehensive loss, and noncontrolling interest as of December 31, 2008 have been restated to initially recognize the redeemable noncontrolling interest as temporary equity on June 28, 2008 at fair value and to account for the subsequent accretion of the redeemable noncontrolling interest as described above.

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The following table presents the effect of the restatement on the consolidated balance sheet and earnings per share:

	December 31, 2008		
	As previously reported	Adjustments	As restated
	<i>(In thousands of US dollars, except per share amounts)</i>		
Total Assets	\$ 15,725,153	\$	\$ 15,725,153
Total current liabilities	3,814,302		3,814,302
Total liabilities	11,115,307		11,115,307
Commitments, contingencies and uncertainties			
Redeemable noncontrolling interest		469,604	469,604
Equity			
Convertible voting preferred stock			
Common stock	92		92
Additional paid-in capital	1,445,426	(280,239)	1,165,187
Retained earnings	3,271,878		3,271,878
Accumulated other comprehensive loss	(88,941)	(1,079)	(90,020)
Treasury stock	(239,649)		(239,649)
Total VimpelCom shareholders equity	4,388,806	(281,318)	4,107,488
Noncontrolling interest	221,040	(188,286)	32,754
Total equity	4,609,846	(469,604)	4,140,242
Total liabilities, redeemable noncontrolling interest and equity	\$ 15,725,153	\$	\$ 15,725,153
Basic net income attributable to VimpelCom per common share <i>(Note 18)</i>	10.34	(.02)*	10.32
Diluted net income attributable to VimpelCom per common share <i>(Note 18)</i>	10.34	(.02)*	10.32

\* - impact of accretion in redeemable noncontrolling interest on the numerator in the earnings per share calculation (US\$1,060) *(Note 18)*  
Corresponding revisions were also made to the consolidated statements of income and equity and accumulated other comprehensive income for the year ended December 31, 2008.

**Table of Contents****EXHIBIT LIST**

<b>Exhibit No.</b>	<b>Description</b>
1.1	Restated Charter of VimpelCom, approved by the annual general meeting of shareholders of VimpelCom on June 29, 2007, and as amended by the board of directors of VimpelCom on August 22, 2007.+#####
2.1	Deposit Agreement, dated November 20, 1996, by and among VimpelCom, The Bank of New York, as the depository, and all owners or beneficial owners of ADSs.*
2.2	Loan Agreement, dated June 10, 2004, by and between VimpelCom and UBS (Luxembourg) S.A.##
2.3	Trust Deed, dated June 16, 2004, by and between UBS (Luxembourg) S.A. and The Bank of New York.##
2.4	Further Loan Agreement, dated July 8, 2004, by and between VimpelCom and UBS (Luxembourg) S.A.##
2.5	Supplemental Trust Deed, dated July 14, 2004, by and between UBS (Luxembourg) S.A. and The Bank of New York.##
2.6	Loan Agreement, dated October 18, 2004, by and between VimpelCom and UBS (Luxembourg) S.A.##
2.7	Trust Deed, dated October 22, 2004, by and between UBS (Luxembourg) S.A. and The Bank of New York.##
2.8	Loan Agreement, dated February 8, 2005, by and between VimpelCom and UBS (Luxembourg) S.A.##
2.9	Trust Deed, dated February 11, 2005, by and between UBS (Luxembourg) S.A. and The Bank of New York.##
2.10	Deed of Amendment, dated April 21, 2006, between VimpelCom, UBS (Luxembourg) S.A. and The Bank of New York, amending the Loan Agreement and the Further Loan Agreement, dated June 10, 2004 and July 8, 2004, respectively, between VimpelCom and UBS (Luxembourg) S.A. and assigning certain rights, interests and benefits of UBS (Luxembourg) S.A. therein pursuant to the Trust Deed and the Supplemental Trust Deed, dated June 16, 2004 and July 14, 2004, respectively, between UBS (Luxembourg) S.A. and The Bank of New York.###
2.11	Loan Agreement, dated May 12, 2006, by and between VimpelCom and UBS (Luxembourg) S.A.###
2.12	Trust Deed, dated May 22, 2006, by and between UBS (Luxembourg) S.A. and The Bank of New York.###
2.13	Loan Agreement, dated April 28, 2008, by and between VimpelCom and VIP Finance Ireland Limited.####
2.14	Trust Deed, dated April 30, 2008, by and between VIP Finance Ireland Limited, BNY Corporate Trustee Services Limited, The Bank of New York, London Branch, The Bank of New York, New York Branch and The Bank of New York (Luxembourg) S.A.####
2.15	Loan Agreement, dated April 28, 2008, by and between VimpelCom and VIP Finance Ireland Limited.####
2.16	Trust Deed, dated April 30, 2008, by and between VIP Finance Ireland Limited, BNY Corporate Trustee Services Limited, The Bank of New York, London Branch, The Bank of New York, New York Branch and The Bank of New York (Luxembourg) S.A.####

**Table of Contents**

4.1 Form of Indemnification Agreement.

4.2 Primary Agreement, dated as of May 30, 2001, by and among VimpelCom, Telenor East Invest AS and Eco Telecom Limited.§§

4.3 Registration Rights Agreement, dated as of May 30, 2001, by and among VimpelCom, Telenor East Invest AS and Eco Telecom Limited.§§

4.3.1 Amendment No. 1 to Registration Rights Agreement, dated August 28, 2003, to Registration Rights Agreement, dated May 30, 2001, by and among VimpelCom, Telenor East Invest AS and Eco Telecom Limited.#

4.4 Guarantee Agreement, dated as of May 30, 2001, by and among Telenor ASA, as guarantor, and VimpelCom, VimpelCom-Region and Eco Telecom Limited, as beneficiaries.§

4.5 Guarantee Agreement, dated as of May 30, 2001, by and among CTF Holdings Limited, as limited guarantor, Eco Holdings Limited, as general guarantor, and VimpelCom, VimpelCom-Region and Telenor East Invest AS, as beneficiaries.§§

4.6 \$3.5 billion Facility Agreement, dated February 8, 2008, between VimpelCom and ABN AMRO Bank N.V., London Branch, Barclays Capital, BNP Paribas, CALYON, Citibank, N.A., HSBC Bank plc, ING Bank N.V. and UBS Limited as mandated lead arrangers and bookrunners, ABN AMRO Bank N.V., Barclays Bank PLC, BNP Paribas, CALYON, Citibank, N.A., HSBC Bank plc, ING Bank N.V., Dublin Branch and UBS (Luxembourg) S.A. as original lenders and Citibank International plc as agent.§§§

4.7 Agreement and Plan of Merger dated December 21, 2007, among VimpelCom Finance B.V., Lillian Acquisition, Inc. and Golden Telecom, Inc.^

8. List of Subsidiaries.^

12.1 Certification of General Director pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. Section 7241.^

12.2 Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. Section 7241.^

12.3 Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. Section 7241.^

13.1 Certification of General Director, CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.^

15.1 Consent of Ernst & Young LLC.^

\* Incorporated by reference to the Registration Statement on Form F-1 (Registration No. 333-5694) of Open Joint Stock Company Vimpel-Communications.

\*\* Incorporated by reference to the Registration Statement on Form F-3 (Registration No. 333-12210) of Open Joint Stock Company Vimpel-Communications.

\*\*\* Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company Vimpel-Communications for the fiscal year ended December 31, 1997 (SEC File No. 1-14522).

\*\*\*\* Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company Vimpel-Communications for the fiscal year ended December 31, 1998 (SEC File No. 1-14522).

Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company Vimpel-Communications for the fiscal year ended December 31, 1999 (SEC File No. 1-14522).



**Table of Contents**

	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company Vimpel-Communications for the fiscal year ended December 31, 2000 (SEC File No. 1-14522).
	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company Vimpel-Communications for the fiscal year ended December 31, 2001.
	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company Vimpel-Communications for the fiscal year ended December 31, 2002.
#	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company Vimpel-Communications for the fiscal year ended December 31, 2003.
##	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company Vimpel-Communications for the fiscal year ended December 31, 2004.
###	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company Vimpel-Communications for the fiscal year ended December 31, 2005.
####	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company Vimpel-Communications for the fiscal year ended December 31, 2007.
§	Incorporated by reference to Form 6-K of Open Joint Stock Company Vimpel-Communications furnished to the Securities and Exchange Commission on May 9, 2001.
§§	Incorporated by reference to Form 6-K of Open Joint Stock Company Vimpel-Communications furnished to the Securities and Exchange Commission on June 14, 2001.
§§§	Incorporated by reference to exhibit (b)(4) to the Schedule TO-T/A filed by Lillian Acquisition, Inc. with the Securities and Exchange Commission on February 8, 2008.
^	Incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed by the Golden Telecom, Inc. with the Securities and Exchange Commission on December 21, 2007
^^	Filed herewith.
+	English translation.