

OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS

Form 425

March 23, 2010

Exchange Offer to OJSC VimpelCom Shareholders
Platform for Value Creation in Global Emerging Markets Telecoms
Filed
by
VimpelCom

Ltd.

Pursuant to Rule 425 under the Securities Act of 1933, as amended

Subject Company: Open Joint Stock Company "Vimpel-Communications"

Subject Company's Commission File No.: 001-14522

VimpelCom Ltd.

1

Transaction overview and key
benefits

(1) Market share (as of Dec 09) (source: AC&M)

(2)

FCF

(Free

Cash

Flows)

=

Net

income

plus

depreciation

and

amortisation
minus
capital
expenditures
(3)
Return on Capital Employed
Strong independent corporate and governance
structure
Strengthened strategic profile
Long term benefits for OJSC VimpelCom shareholders
Acquisition of a leading mobile operator in Ukraine
Enhanced cash flow profile
Committed dividend policy, proposing to distribute
at least 50% of FCF
(2)
from Kyivstar and OJSC
VimpelCom's Russian operations
Aiming
to
achieve
superior
ROCE
(3)
with
strong
operational improvements and efficiencies
Near term benefits for OJSC VimpelCom shareholders
A leading telecoms provider in Russia
and CIS
24.5%
(1)
mobile subscriber market
share in Russia
Operations in nine countries
Covers territory with total population of
around 340 million
OJSC VimpelCom
The leading mobile operator in Ukraine
with 39.9%
(1)
subscriber market share
Strong FCF and balance sheet
Strong brand and customer perception
Extensive and high quality mobile
network
Innovative services and content
Kyivstar
Platform
for value creation in
global emerging

markets telecoms

VimpelCom

Ltd.

1

2

3

4

5

6

VimpelCom Ltd.

38.8%

35.4%

38.5%

43.9%

22.7%

20.7%

Economic

Voting

33.6%

29.9%

37.0%

44.0%

29.4%

26.1%

Economic

Voting

Step

2

Key

transaction steps

Offer to exchange OJSC VimpelCom securities for VimpelCom Ltd. securities

Step

1

Contribution of Kyivstar into VimpelCom Ltd. by Altimio and Telenor

Step

2

Listing of VimpelCom Ltd. on NYSE and delisting of OJSC VimpelCom

3

3.4 to 1

effective equity split

between OJSC VimpelCom

and Kyivstar shareholders

(1)

Assumes 100% take up of exchange offer.

(2)

Includes Free Float and Treasury stock.

Current OJSC VimpelCom shareholding

Other

Shareholders

(2)

Altimio

Telenor

Proposed

VimpelCom

Ltd.

shareholding

(1)

Other

Shareholders

(2)

Altimio

Telenor

VimpelCom Ltd.

50.9

22.0

11.7

86.6

2.0

Russia

Others

VimpelCom

Ltd.

3

Exposure to an asset of scale in Ukraine

Source:

Company

reports,

AC&M

and
Informa
Telecoms
&
Media

Note:

Market share represents market share by subscribers

(1)

Kyivstar market share and subscriber data as of Dec 09

(2)

Others include OJSC VimpelCom operations in Kazakhstan (6.1m subs), Uzbekistan (3.5m subs), Tajikistan (0.7m subs), Armenia (0.1m subs)

(Bars represent subscribers in millions (Dec 09))

VimpelCom Ltd. subscriber build-up

OJSC VimpelCom

Kyivstar and OJSC VimpelCom

Ukraine

(2)

Kyivstar: The leading

mobile operator in

Ukraine by subscribers

Subs: 22.0m

(1)

Mkt. Share: 39.9%

(1)

VimpelCom Ltd.

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Exposure to cyclical and structural upside in Ukraine

Among the largest telecoms markets in EE

Source:

AC&M (Russian, Ukraine), EIU (others) data as of December 31, 2009

209.2

11.7

65.5

55.3

45.2

28.1

13.5

Russia

Turkey

Ukraine

Poland
Romania
Czech
Republic
Hungary

Mobile subscribers

(In millions)

Source: Nominal GDP growth rates for period 2007-2009 sourced from NBU; Nominal GDP growth rates for period 2010-2013 sourced from EIU (derived using US\$ forecasts and average forecasted FX rates from EIU).

Economic recovery

15.8%

31.5%

32.5%

13.9%

8.1%

(3.7%)

13.6%

2007

2008

2009

2010

2011

2012

2013

(% GDP growth in local currency)

Improved market confidence

Source:

Bloomberg as of March 19, 2010

0

300

600

900

Jan-09

Mar-09

May-09

Jul-09

Sep-09

Nov-09

Jan-10

Mar-10

0

2,000

4,000

6,000

pts

Ukrainian PFTS Index

Ukraine 5YR USD CDS Spread

S&P raised sovereign credit rating to B-/C
from CCC+/C

(foreign currency) and to B/B

from B-/C

(local currency),

with positive outlook on March 11, 2010

"The positive outlook reflects the potential for the new government to improve coordination with the presidential administration to achieve a more sustainable budgetary position and to continue to support the stability of the badly hit financial sector and the real economy.

Standard & Poor's credit analyst, March 11, 2010

Improved Sovereign Rating

Source:

S&P

bps

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Market

share

(1)

Key performance indicators (KPIs)

22.1%

39.9%

31.8%

6.2%

Kyivstar

MTS

Life:)

Others

Kyivstar -

a leading mobile operator in Ukraine

22.0
million
subscribers

(1)
with
UAH

41.5
ARPU

(2)
Competitive strengths

The mobile market leader by subscribers

A leading mobile operators by revenues
and profitability

Strong momentum supported by innovative
services and mobile content

-

Mobile broadband on EDGE network

-

Music downloads through own portals

Largest mobile network

-

Network covering territory inhabited by c.

95.1% of Ukraine's population

Strong brand and customer perception

Strong retail distribution network

-

Widest geographic and population

coverage of all mobile operators in

Ukraine

Source: Company reports, AC&M, TNS survey

(1) Market

share

by

subscribers;

Market

share

and

subscriber

data

as

of

Dec

09

(2) Average ARPU for 12 months ended Dec 09

Other

KPI's

Best coverage

satisfaction

54.0%

Points of sale

c.95,000

Customer satisfaction

87.0%

Subscribers

(1)

22.0m

ARPU / month

(2)

UAH 41.5

Best quality

satisfaction

55.0%

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8,639

10,924

12,711

11,591

2006

2007

2008

2009

Kyivstar: Strong profitability and cash flow profile

Kyivstar revenues

(in UAHm)

26.5%

16.4%

Key balance sheet information (Dec 31, 2009)

(1) Operating
Income
before
Depreciation,
Amortisation
and
Impairment
Loss.

(2) Defined as Interest Bearing loans (current and non-current) plus trade and other payables.

(8.8%)

6,374

7,521

6,371

5,070

59%

58%

59%

55%

2006

2007

2008

2009

Kyivstar Adj. OIBDA

(1)

(in UAHm)

(% margin)

25.7%

18.0%

(15.3%)

2,201

5,069

4,145

5,633

25%

38%

44%

44%

2006

2007

2008

2009

Kyivstar Adj. OIBDA

Capex

(in UAHm)

(% margin)

35.9%

88.4%

(10.0%)

Total Debt

(2)

Cash

Net Cash

Net Cash / OIBDA

UAH 620 m

UAH 1,210 m

UAH 590 m

0.1x

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Corporate action to be guided by the principle of maximising total shareholder returns

Total shareholder returns to be maximised through three key pillars of corporate activity

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Operating companies
empowered to achieve
operating efficiencies

Business strategy of
operating companies
designed to maximise
return on capital
employed

Commitment to maximise total shareholder return

50.0% of the annual free

cash

flows

(1)
from
Kyivstar and OJSC
VimpelCom's Russian
operations to be
distributed as dividends
Clearly established floor
for shareholder
remuneration via dividend
policy
Disciplined selection of
potential expansion
opportunities
Expansion policy crafted
to sustain attractive
return on capital
employed
Operational efficiency
Commitment to dividend
Disciplined expansion

(1)
Net income plus depreciation and amortization minus capital expenditures

1
2
3

VimpelCom Ltd.

(1)

United Nations Commission on International Trade Law

Robust

corporate law

framework

Incorporation in Bermuda will improve corporate governance and reduce Russia and

Ukraine related risks

Shareholders agreement governed by New York law designed to avoid deadlock situations

Any

shareholder

disputes to be resolved by arbitration proceedings in London under

UNCITRAL

(1)

arbitration rules

Independent

governance
and strong
minority rights

Corporate governance structure will align the interests of all shareholders

Balanced Board structure:

3 unaffiliated Board members, 3 designated by Telenor and 3 designated by Altimo

Unaffiliated Board members will act as swing votes on Board decisions

No veto rights for Altimo or Telenor

Chairman and CEO will be unaffiliated with Telenor or Altimo

Strong minority shareholder protection mechanisms

Requirement

for
approval

of
majority

of
independent
shareholders

for
certain

key
decisions

Independent governance and corporate structure

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VimpelCom Ltd.

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Operating companies insulated from potentially competing shareholder objectives

Strengthened strategic profile for next phase of value creation

Operating companies focused on execution of business plans with overall strategic direction provided by VimpelCom Ltd.

Enhanced scale to take advantage of selected value-accretive growth opportunities and operational efficiencies, both within and outside the current geographical footprint area

Strategic flexibility to re-prioritise objectives in response to rapidly changing industry and macroeconomic conditions

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Note: The above structure is simplified structure to represent functional control mechanism at VimpelCom Ltd., please refer to page 23 of the prospectus for the detailed legal entity structure.

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VimpelCom Ltd. corporate structure

Supervisory board

Chairman: J. Lunder

Management board

CEO: A. Izosimov

VimpelCom Ltd.

Board of Directors

Board of Directors

100%

100%

Lean HoldCo structure

VimpelCom Ltd. has ultimate executive

responsibility for the group's overall
operations and strategy

Management

CEO: B. Nemsic

CFO: E. Shmatova

CMO: M. Furuseth

Management

CEO: I. Lytovchenko

CFO: A. Simmons

Clear decision-making responsibilities

Governance structure designed for quick decision making process

Unified management structure leads to operating efficiencies and
improvements

A clearly defined corporate structure

VimpelCom Ltd.

OpCo management fully empowered to
execute the supervisory board-approved

OpCo strategy

5 member OpCo Board appointed by

VimpelCom Ltd.(3), Altimo(1) and

Telenor(1)

OJSC VimpelCom & Kyivstar

VimpelCom Ltd.

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Main conditions precedent to closing

Minimum
acceptance
level

OJSC VimpelCom tendered shares (ADSs, common and preferred shares) representing more than 95% of the total outstanding OJSC VimpelCom shares

Required to comply with Russian corporate law requirements for subsequent compulsory squeeze-out of remaining OJSC VimpelCom minorities

Termination of
legal and

regulatory
proceedings

Outstanding legal and regulatory proceedings involving Altimo and Telenor are terminated

or withdrawn

No orders, injunctions or legal actions preventing the completion of the transaction

No

legal,

administrative,

governmental

or

regulatory

proceedings

or

actions

commenced

in

Russia, Ukraine or the CIS against Telenor, Alfa or affiliates preventing transaction closing

by June 30, 2010

Regulatory and

other approvals

Russia:

Approval obtained from Commission on Strategic Investments

Approval pending by the anti-monopoly authority

Other countries:

Approval obtained from anti-monopoly authorities in Ukraine

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Exchange offer timetable

(1)

Assumes no extension of offer period, US offer closes on April 15, 2010 and Russian offer closes on April 20, 2010.

(2)

Squeeze-out procedure to start within 35 days of the expiration of the Russian offer.

Key transaction milestones (2010)

12

Launch tender offer

Tender

offer

period

(1)

Last day for tendering in the US offer

VimpelCom

Ltd. begins trading on NYSE

Kyivstar
contribution
Delisting of OJSC VimpelCom
from NYSE
Initiate
minority
squeeze-out
(2)
April
March
February
May
9 February
21 April
21 April
End April / Early
May
Mid /
Late May
15 April

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Important additional information

In connection with the U.S. Offer by VimpelCom Ltd. to acquire all outstanding shares of OJSC VimpelCom (including those ADSs), VimpelCom Ltd. has filed with the SEC a registration statement on Form F-4, which includes a prospectus and related acceptance materials to register shares of VimpelCom Ltd. (including those represented by DRs) to be issued in exchange for C

VimpelCom

shares

held

by

U.S.

persons

and

OJSC

VimpelCom

ADSs

held

by
all
holders,
wherever
located.
Holders
of
OJSC
VimpelCom
securities
are
urged
to
carefully
read
the
registration
statement
(including
the
prospectus)
and
any
other
documents
relating
to
the
U.S.
Offer
filed
with
the
SEC,
as
well
as
any
amendments
and
supplements
to
those
documents,
because
they
contain
important
information.
Free

copies
of
the
registration
statement,
including
the
prospectus
and
related
U.S.
Offer
acceptance
materials
and
other
relevant
documents
filed
with
the
SEC in respect of the U.S. Offer, can be obtained at the SEC's website at www.sec.gov. The prospectus and related U.S. Offer
materials
have
been
mailed
to
holders
of
OJSC
VimpelCom
securities
eligible
to
participate
in
the
U.S.
Offer.
Additional
copies
may
be
obtained
for
free
from
Innisfree
M&A
Incorporated,

the
information
agent
for
the
U.S.
Offer,
at
the
following
telephone
numbers:

1-877-800-5190

(for shareholders and ADS holders) and 1-212-750-5833 (for banks or brokers).

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exchange

OJSC

VimpelCom

securities

for

VimpelCom

Ltd.

DRs

in

the

United

States

will

only

be

made

pursuant

to

the

prospectus

and

related

U.S.

Offer

acceptance

materials

that

are

being

mailed

to

U.S.

holders

of
OJSC
VimpelCom
shares
and
all
holders
of
OJSC
VimpelCom
ADs,
wherever
located.

An
investor
may
only
exchange
OJSC
VimpelCom
shares
for
VimpelCom
Ltd.
DRs
in
the
Russian
Offer
if
such
investor
is a

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of
the
Russian
Federation,
that
does
not
fall
under

a
legal
definition
of
a
"qualified
investor"
within
the
meaning
of
Article
51.2
of
the
Securities Law, or an invitation to or for the benefit of any such person, to make offers to purchase, sell, exchange or transfer a
securities.
The
securities
of
VimpelCom
Ltd.
have
not
been
and
will
not
be
admitted
for
placement,
public
placement
or
public
circulation
in
the
Russian Federation within the meaning of Article 51.1 of the Securities Law.
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