

OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS

Form 425

February 09, 2010

Exchange Offer to OJSC VimpelCom Shareholders

Analyst

Conference

Call

Tuesday

9

February

2010

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.
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Transaction overview and key
benefits
(1) Market
share
by
subscribers
(as
of
Dec
08)
(source:
AC&M)
(2) Market

share
by
subscribers
(as
of
Sep
09)
(source:
AC&M)
(3)
FCF
(Free
Cash
Flows)
=
Net
income
plus
depreciation
and
amortisation
minus
capital
expenditures.
OJSC VimpelCom
Kyivstar
A leading mobile operator in Ukraine
with 40.2%
(2)
market share
Strong brand and customer perception
Extensive and high quality mobile network
Innovative services and content
Near term benefits for OJSC VimpelCom shareholders
Long term benefits for OJSC VimpelCom shareholders
Maximise value creation
and returns to shareholders
Platform
for value creation in
global emerging
markets telecoms
VimpelCom
Ltd.
Acquisition of a leading mobile operator in Ukraine
Strengthened strategic profile with a potential for
operational improvements and efficiencies
Strong independent corporate and governance
structure
Committed dividend policy, proposing to distribute at
least 50% of FCF

(3)

from Kyivstar and OJSC

VimpelCom's Russian operations

A leading telecoms provider in Russia and

CIS

25.4%

(1)

mobile market share in Russia

Operations in nine countries

Covers territory with total population of

around 340 million

VimpelCom Ltd.

Step

2

Key

transaction steps

Step

1

Step

2

3

Current OJSC VimpelCom shareholding

33.6%

29.9%

37.0%

44.0%

29.4%

26.1%

Economic

Voting

Free Float

Altimo

Telenor

Proposed

VimpelCom

Ltd.

shareholding

(1)

38.8%

35.4%

38.5%

43.9%

22.7%

20.7%

Economic

Voting

Free Float

Altimo

Telenor

(1)

Assumes 100% take up of exchange offer

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Offer to exchange securities of OJSC VimpelCom

for VimpelCom

Ltd. securities

Contribution of Kyivstar

by Altimo

and Telenor

into VimpelCom

Ltd.

Listing of VimpelCom

Ltd. on NYSE and delisting of OJSC VimpelCom

3.4 to 1

effective equity split

between OJSC VimpelCom

and Kyivstar

shareholders

VimpelCom Ltd.

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Kyivstar -

a leading mobile operator in Ukraine

(in UAH MM)

26.4%

16.4%

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Kyivstar

revenues

Brand awareness

99.0%

Points of sale

95,000

Best network quality

52.1%

Customer satisfaction

85.4%

Best customer service

41.0%

Key

Strengths

Kyivstar

Adj. OIBDA

(3)

25.8%

17.9%

5,070

6,374

7,521

4,788

59%

58%

59%

55%

2006

2007

2008

9M 2009

8,639

10,924

12,711

8,634

2006

2007

2008

9M 2009

(in UAH MM)

(% margin)

Source: Company reports, AC&M Consulting, TNS survey.

(1) Market share by subscribers; Market share and subscriber data as of Sep 09.

(2) Average ARPU for 9 months ended Sep 09.

(3) Operating Income before Depreciation, Amortisation and Impairment Loss

Market

share

(1)

Key performance indicators (KPI s)

21.4%

40.2%

32.1%

6.3%

Kyivstar

MTS

Life:)

Others

22.3 million subscribers

(1)

with UAH 41.0 ARPU

(2)

VimpelCom Ltd.
VimpelCom
Ltd.
-
a
leading
emerging
markets
telecoms
operator
(1) Operating Income
before
Depreciation,
Amortisation
and
Impairment

Loss.

(2)

Others include OJSC VimpelCom operations in Kazakhstan (6.8m subs), Uzbekistan (3.7m subs), Tajikistan (0.7m subs), Armenia

Strengthen strategic position

Maximise returns to shareholders

Extract operational improvements

and efficiencies

Explore growth opportunities

Source: Company reports, AC&M Consulting

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51.0

22.3

87.7

2.2

Russia

Others

VimpelCom

Ltd

Ukraine

(Bars represent subscribers in millions (Sep 09))

(2)

VimpelCom Ltd. subscribers

Revenue

Adj. OIBDA

(1)

% Margin

Net Income

2008

9M 2009

12,616

7,443

1,130

1,055

6,280

3,805

49.8%

51.1%

(in MM USD)

VimpelCom Ltd. PF financials

12.2

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(1)

United Nations Commission on International Trade Law.

Independent governance and corporate structure

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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

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 strong
minority rights
Robust
corporate law
framework

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Exchange offer timetable

(1)

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

(2)

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

Key transaction milestones (2010)

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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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Cautionary statement regarding forward-looking statements

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This announcement contains "forward-looking statements." Forward-looking statements provide VimpelCom Ltd.'s current expectations, forecasts of future events. Forward-looking statements include statements about VimpelCom Ltd.'s expectations, beliefs, plans, intentions, assumptions and other statements that are not historical facts. Any statement in this announcement that expresses or implies VimpelCom Ltd.'s intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. Words or phrases such as anticipate, believe, continue, estimate, expect, intend, may, ongoing, plan, will or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but their use does not necessarily mean that a statement is not forward-looking. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those implied by the forward-looking statements. Such risks and uncertainties include, but are not limited to:

risks related to the timing or ultimate completion of the Transaction;

the possibility that expected benefits may not materialise as expected;

that, prior to the completion of the Transaction, OJSC VimpelCom's business or Kyivstar's business may not perform as expected.

that the parties are unable to successfully implement integration strategies or otherwise realise any synergies that might arise from the Transaction;

future operating or financial results;

expectations regarding the future growth of the telecommunications industry;

forecasts regarding future macroeconomic performance or results;

future payments of dividends and the availability of cash for the payment of dividends;

future acquisitions, business strategy and expected capital spending;

assumptions regarding interest rates and inflation;

changes in governmental rules and regulations or actions taken by regulatory authorities;

unanticipated changes in laws and regulations;

potential liability from future litigation; and

other risks and uncertainties that are beyond the parties' control.

If such risks or uncertainties materialise or such assumptions prove incorrect, actual results could differ materially from those expected or implied by such forward-looking statements and assumptions. The forward-looking statements contained in this announcement are made as of the date hereof, and VimpelCom Ltd. expressly disclaims any obligation to update or correct any forward-looking statements made hereof, or the occurrence of events after the issuance of this announcement.

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Important additional information

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In connection with the U.S. Offer by VimpelCom Ltd. to acquire all outstanding shares of OJSC VimpelCom (including those of VimpelCom Ltd. has filed with the SEC a registration statement on Form F-4, which includes a prospectus and related U.S. Offer materials to register shares of VimpelCom Ltd. (including those represented by DRs) to be issued in exchange for OJSC VimpelCom by U.S. persons and OJSC VimpelCom ADSs held by all holders, wherever located. In addition, VimpelCom Ltd. will file a Statement on Schedule TO with the SEC in respect of the U.S. Offer. Holders of OJSC VimpelCom securities are urged to carefully read the registration statement (including the prospectus), the Statement on Schedule TO, and any other documents relating to the U.S. Offer filed with the SEC, and 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, the Statement on Schedule TO, 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 are being mailed to holders of OJSC VimpelCom securities eligible to participate in the U.S. Offer. Additional copies can be obtained free from Innisfree M&A Incorporated, the information agent for the U.S. Offer, at the following telephone numbers: 1-877-800-8000 (for U.S. shareholders and ADS holders) and 1-212-750-5833 (for banks or brokers).

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

This announcement does not constitute advertisement of securities, including securities of foreign issuers, in the Russian Federation, within the meaning of Federal Law No. 39-FZ "On the Securities Market" dated April 22, 1996, as amended (the "Securities Law"), Federal Law No. 38-FZ "On the Protection of Rights and Lawful Interests of Investors on the Securities Market" dated March 5, 1999, as amended, and Federal Law No. 38-FZ "On Advertising" dated March 13, 2006, as amended, or a public offer to purchase, sell, exchange or transfer to or for the benefit of any person resident, incorporated, established or having their usual residence in the Russian Federation, or to any person located within 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 any such 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.