

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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6

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

VimpelCom Ltd.

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

7

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.

9

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.

11

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](http://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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