OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS
Form 20-F/A
March 18, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 20-F/A

(Amendment No. 2)

¨ **Registration Statement Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934**
OR

x **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2008**
OR

¨ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
OR

¨ **Shell Company Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission File Number: 1-14522

OPEN JOINT STOCK COMPANY

VIMPEL-COMMUNICATIONS

(Exact name of registrant as specified in its charter)

Russian Federation

(Jurisdiction of incorporation or organization)

10 Ulitsa 8 Marta, Building 14, Moscow, Russian Federation 127083

(Address of principal executive offices)

Jeffrey D. McGhie

Vice President, General Counsel

10 Ulitsa 8 Marta, Building 14

Moscow, Russian Federation 127083

Tel: +7 495 725 0700

Fax: +7 495 721 0017

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, or ADSs, each representing one-twentieth of one share of common stock	New York Stock Exchange
Common stock, 0.005 Russian rubles nominal value	New York Stock Exchange*

* Listed, not for trading or quotation purposes, but only in connection with the registration of ADSs pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report:

51,281,022 shares of common stock, 0.005 Russian rubles nominal value.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. **Yes ¨ No x**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes ¨ No ¨**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP x International Financial Reporting Standards as issued by the International Accounting Standards Board ¨ Other ¨

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ¨ Item 18 x

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes ¨ No x**

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* Omitted because the item is inapplicable.

** We have responded to Item 18 in lieu of this item.

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EXPLANATORY NOTE

This Amendment No. 2 to our Annual Report on Form 20-F, referred to herein as the Annual Report on Form 20-F/A, amends our Amendment No. 1 to our Annual Report on Form 20-F for the fiscal year ended December 31, 2008, as filed with the U.S. Securities and Exchange Commission on March 8, 2010 and referred to herein as Amendment No. 1, which amended our Annual Report on Form 20-F for the fiscal year ended December 31, 2008, as filed with the SEC on May 14, 2009 and referred to herein as the Original Filing. This filing is being made in response to comments received from the SEC and revises our disclosure in Item 15 Controls and Procedures regarding the material weakness in our internal control over financial reporting that our management identified in connection with the restatement of our audited consolidated financial statements as of December 31, 2008 and for the year then ended. For more information about the restatement, see Item 5 Operating and Financial Review and Prospects Restatement of Our Consolidated Financial Statements, as well as Note 23, Restatement of the Measurement of Noncontrolling Interest, and Note 18, Earnings per share, to our consolidated financial statements included elsewhere in this Annual Report on Form 20-F/A.

Other than revising the disclosure under Item 15 Controls and Procedures, no attempt has been made in this Annual Report on Form 20-F/A to amend or update other disclosure presented in Amendment No. 1 or in the Original Filing.

Except as stated herein, this Annual Report on Form 20-F/A does not reflect events occurring after the filing of the Original Filing or amend or update those disclosures or the disclosures in Amendment No. 1. Accordingly, this Annual Report on Form 20-F/A should be read in conjunction with our submissions with the SEC subsequent to the filing of the Original Filing.

In accordance with applicable SEC rules, this Annual Report on Form 20-F/A includes certifications from our General Director, Chief Executive Officer and Chief Financial Officer dated as of the date of this filing.

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INTRODUCTION

This Annual Report on Form 20-F/A describes matters that relate generally to Open Joint Stock Company Vimpel-Communications, also referred to as VimpelCom or our company, an open joint stock company organized under the laws of the Russian Federation, and its consolidated subsidiaries. Thus, we use terms such as we, us, our and similar plural pronouns when describing the matters that relate generally to VimpelCom s consolidated group. On February 28, 2008, we completed our acquisition of 100.0% of the outstanding shares of Golden Telecom, Inc. As we did not consolidate Golden Telecom into our U.S. GAAP financial statements until the effective acquisition date, the historical financial and operating data of VimpelCom set forth in this Annual Report on Form 20-F/A reflect Golden Telecom s results only following the effective acquisition date, unless otherwise indicated. References in this Annual Report on Form 20-F/A to Golden Telecom are to Golden Telecom, Inc. and its consolidated subsidiaries with respect to the presentation of financial and operating data, unless the context otherwise requires.

In addition, the discussion of our business and the telecommunications industry contains references to certain terms specific to our business, including numerous technical and industry terms. Specifically:

References to our operations in the Moscow license area are to our operations in the City of Moscow and the Moscow region.

References to our operations in the regions, the regions outside of Moscow and the regions outside of the Moscow license area are to our operations in the regions of the Russian Federation outside of the City of Moscow and the Moscow region.

References to our operations in the CIS are to our operations in the Commonwealth of Independent States outside of the Russian Federation where we provide services, unless the context otherwise requires.

References to the super-regions are to Russia s seven large geographical regions and the Moscow license area.

References to GSM-900/1800 are to dual band networks that provide mobile telephone services using the Global System for Mobile Communications standard in the 900 MHz and 1800 MHz frequency ranges. References to GSM-1800 are to networks that provide mobile telephone services using GSM in the 1800 MHz frequency range. References to GSM-900 are to networks that provide mobile telephone services using GSM in the 900MHz frequency range. References to GSM are to both the GSM-900 and GSM-1800 standards.

References to 3G technologies are to third generation mobile technologies, including UMTS.

References to mobile services are to our wireless voice and data transmission services but excluding WiFi.

References to mobile subscribers are to active subscribers of our mobile telecommunications services. A subscriber is considered active if the subscriber s activity resulted in income to VimpelCom during the most recent three months and if the subscriber remained in the mobile subscriber base at the end of the reported period. Such activity includes all incoming and outgoing calls, subscriber fee accruals, debits related to service, outgoing short messaging service, or SMS, and multimedia messaging service, or MMS, and data transmission and receipt sessions, but does not include incoming SMS and MMS sent by our company or abandoned calls. We calculate MOU and ARPU on the basis of subscriber data using the active subscriber definition. Previously, we reported mobile subscriber data on the basis of registered mobile subscribers. A registered mobile subscriber is an authorized user of mobile services, using one SIM card (GSM/3G) with one or several selective numbers.

References to Russian rubles are to the lawful currency of the Russian Federation.

References to US$ or $ or USD or U.S. dollars are to the lawful currency of the United States of America.

Certain amounts and percentages that appear in this Annual Report on Form 20-F/A have been subject to rounding adjustments. As a result, certain numerical figures shown as totals, including in tables, may not be exact arithmetic aggregations of the figures that precede or follow them.

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 20-F/A contains forward-looking statements, as this phrase is defined in Section 27A of the U.S. Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are not historical facts and can often be identified by the use of terms like estimates, projects, anticipates, expects, intends, believes, will, may, should or the negative of these terms. All forward-looking statements, including discussions of strategy, plans, objectives, goals and future events or performance, involve risks and uncertainties. Examples of forward-looking statements include:

- our strategy to generate sufficient net cash flow in order to meet our debt service obligations;
- our plans to develop and provide integrated telecommunications services to our customers, increase fixed and mobile telephone use and expand our operations in Russia and the CIS;
- our ability to execute our business strategy successfully and achieve the expected benefits from our existing and future acquisitions;
- our ability to successfully integrate the operations, systems and policies of Golden Telecom with our own;
- our ability to successfully challenge claims brought against KaR-Tel;
- our expectations as to pricing for our products and services in the future, improving the total average monthly service revenues per subscriber and our future operating results;
- our expectation that we may need to increase our debt financing amounts to accommodate for changes in revenue;
- our ability to meet license requirements and to obtain and maintain licenses and regulatory approvals;
- our expectations regarding our brand name recognition and our ability to successfully promote our brand;
- our ability to obtain, maintain, renew or extend frequency allocations and to make payments for existing frequency allocations and future frequency channels;
- our ability to obtain and maintain interconnect agreements;
- our ability to enter into strategic partnerships and joint ventures to develop our business and expand our operations beyond the CIS; and
- other statements regarding matters that are not historical facts.

While these statements are based on sources believed to be reliable and on our management s current knowledge and best belief, they are merely estimates or predictions and cannot be relied upon. We cannot assure you that future results will be achieved. The risks and uncertainties that may cause our actual results to differ materially from the results indicated, expressed or implied in the forward-looking statements used in this Annual Report on Form 20-F/A include:

- risks relating to changes in political, economic and social conditions in each of the countries in which we operate;

- in each of the countries in which we operate, risks relating to legislation, regulation and taxation, including laws, regulations, decrees and decisions governing the telecommunications industry, currency and exchange controls and taxation legislation, and their official interpretation by governmental and other regulatory bodies and courts;

- risks that various courts or regulatory agencies in which we are involved in legal challenges or appeals may not find in our favor;

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risks relating to our company, including demand for and market acceptance of our products and services, regulatory uncertainty regarding our licenses, frequency allocations and numbering capacity, constraints on our spectrum capacity, availability of line capacity and competitive product and pricing pressures;

risks associated with discrepancies in subscriber numbers and penetration rates caused by differences in the churn policies of mobile operators; and

other risks and uncertainties.

These factors and the other risk factors described in this Annual Report on Form 20-F/A (in the section entitled Item 3 Key Information D. Risk Factors) are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our future results. Under no circumstances should the inclusion of such forward looking statements in this Annual Report on Form 20-F/A be regarded as a representation or warranty by us or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. The forward-looking statements included in this Annual Report on Form 20-F/A are made only as of the date of the Original Filing and we cannot assure you that projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I

ITEM 1. Identity of Directors, Senior Management and Advisers

Not required.

ITEM 2. Offer Statistics and Expected Timetable

Not required.

ITEM 3. Key Information

A. Selected Financial Data

The following tables set forth selected historical consolidated financial data for VimpelCom, presented in U.S. dollars and prepared in accordance with U.S. GAAP. The selected historical consolidated financial data for the years ended December 31, 2008, 2007 and 2006 and as at December 31, 2008 and 2007 is derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F/A. As discussed in the Explanatory Note to this Annual Report on Form 20-F/A, we are restating our historical consolidated financial statements as of December 31, 2008 and for the year then ended, and the following table reflects the adjustments made in connection with the restatement (see Note 23, Restatement of the Measurement of Noncontrolling Interest, to our consolidated financial statements included elsewhere in this Annual Report on Form 20-F/A). The selected historical consolidated financial data for the years ended December 31, 2005 and 2004 and as at December 31, 2006, 2005 and 2004 is derived from our audited consolidated financial statements not included in this Annual Report on Form 20-F/A. The selected financial data set forth below should be read in conjunction with our consolidated financial statements and their related notes included elsewhere in this Annual Report on Form 20-F/A and the section of this Annual Report on Form 20-F/A entitled Item 5 Operating and Financial Review and Prospects.

	Years Ended December 31,				
	2008	2007	2006	2005	2004
	(In thousands of U.S. dollars, except per share and per ADS amounts)				
Operating revenues:					
Service revenues	US$ 9,999,850	US$ 7,161,833	US$ 4,847,661	US$ 3,175,221	US$ 2,070,720
Sales of equipment and accessories	107,946	6,519	19,265	30,478	38,711
Other revenues	17,190	6,528	2,931	5,419	3,571
Total operating revenues	10,124,986	7,174,880	4,869,857	3,211,118	2,113,002
Revenue based taxes	(8,054)	(3,782)	(1,879)		
Net operating revenues	10,116,932	7,171,098	4,867,978	3,211,118	2,113,002
Operating expenses:					
Service costs	2,262,570	1,309,287	872,388	514,124	327,403
Cost of equipment and accessories	101,282	5,827	18,344	28,294	30,585
Selling, general and administrative expenses	2,838,508	2,206,322	1,503,615	1,085,807	720,127
Depreciation	1,520,184	1,171,834	874,618	451,152	281,129
Amortization	360,980	218,719	179,846	142,126	64,072
Impairment loss	442,747				7,354
Provision for doubtful accounts	54,711	52,919	21,848	11,583	8,166
Total operating expenses	7,580,982	4,964,908	3,470,659	2,233,086	1,438,836
Operating income	2,535,950	2,206,190	1,397,319	978,032	674,166

Other income and expenses:					
Interest income	71,618	33,021	15,471	8,658	5,712
Net foreign exchange (loss) gain	(1,142,276)	72,955	24,596	7,041	3,563
Interest expense	(495,634)	(194,839)	(186,404)	(147,448)	(85,6630)
Other (expenses) income, net	(17,404)	3,240	(38,844)	(5,853)	(12,153)
Equity in net loss of associates	(61,020)	(211)			
Total other income and expenses	(1,644,716)	(85,834)	(185,181)	(137,602)	(88,541)

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	Years Ended December 31, 2008	2007	2006	2005	2004
	(In thousands of U.S. dollars, except per share and per ADS amounts)				
Income before income taxes and cumulative effect of change in accounting principle	891,234	2,120,356	1,212,138	840,430	585,625
Income tax expense	303,934	593,928	390,663	221,901	155,000
Income before cumulative effect of change in accounting principle	587,300	1,526,428	821,475	618,529	430,625
Cumulative effect of change in accounting principle			(1,882)		
Net income	587,300	1,526,428	819,593	618,529	430,625
Net income attributable to the noncontrolling interest	62,966	63,722	8,104	3,398	80,229
Net income attributable to VimpelCom	US$ 524,334	US$ 1,462,706	US$ 811,489	US$ 615,131	US$ 350,396
Weighted average common shares outstanding (thousands)	50,700	50,818	50,911	51,066	41,224
Income before cumulative effect of change in accounting principle attributable to VimpelCom per common share (restated*)	US$ 10.32	US$ 28.78	US$ 15.98	US$ 12.05	US$ 8.50
Income before cumulative effect of change in accounting principle attributable to VimpelCom per ADS equivalent(2)	US$ 0.52	US$ 1.44	US$ 0.80	US$ 0.60	US$ 0.43
Net income attributable to VimpelCom per common share (restated*)	US$ 10.32	US$ 28.78	US$ 15.94	US$ 12.05	US$ 8.50
Net income attributable to VimpelCom per ADS equivalent(1)	US$ 0.52	US$ 1.44	US$ 0.80	US$ 0.60	US$ 0.43
Weighted average diluted shares	50,703	50,818	50,947	51,085	41,272
Diluted income before cumulative effect of change in accounting principle attributable to VimpelCom per common share(2) (restated*)	US$ 10.32	US$ 28.78	US$ 15.97	US$ 12.04	US$ 8.49
Diluted income before cumulative effect of change in accounting principle attributable to VimpelCom per ADS equivalent(1)	US$ 0.52	US$ 1.44	US$ 0.80	US$ 0.60	US$ 0.42
Diluted net income attributable to VimpelCom per common share(2) (restated*)	US$ 10.32	US$ 28.78	US$ 15.93	US$ 12.04	US$ 8.49
Diluted net income attributable to VimpelCom per ADS equivalent(2)	US$ 0.52	US$ 1.44	US$ 0.79	US$ 0.60	US$ 0.42
Dividends per share	US$ 11.46	US$ 6.47			
Dividends per ADS equivalent	US$ 0.57	US$ 0.32			

(1) Each ADS is equivalent to one-twentieth of one share of common stock. On November 22, 2004, we changed the ratio of our ADSs traded on The New York Stock Exchange (NYSE) from four ADSs for three common shares to four ADSs for one common share. VimpelCom ADS holders as of record at the close of business on November 19, 2004 received two additional ADSs for every ADS held. On August 8, 2007, we changed the ratio of our ADSs traded on the NYSE from four ADSs for one

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common share to twenty ADSs for one common share. VimpelCom ADS holders as of record at the close of business on August 17, 2007 received four additional ADSs for every ADS held. All share information presented herein reflects the change in the ratio. There were no changes to our underlying common shares.

(2) Diluted income before cumulative effect of change in accounting principle attributable to VimpelCom and diluted net income attributable to VimpelCom per common share and ADS equivalent includes dilution for employee stock options for 2008, 2007, 2006, 2005 and 2004.

* Restated amounts for the year ended December 31, 2008. Please refer to Note 23, Restatement of the Measurement of Noncontrolling Interest, to our consolidated financial statements included elsewhere in this Annual Report on Form 20-F/A.

	At December 31,				
	2008	2007	2006	2005	2004
	(In thousands of U.S. dollars)				
Consolidated balance sheets data:					
Cash and cash equivalents	US$ 914,683	US$ 1,003,711	US$ 344,494	US$ 363,646	US$ 305,857
Working capital (deficit)(1)	(1,407,795)	(272,784)	(487,420)	(457,927)	(127,903)
Property and equipment, net	6,425,873	5,497,819	4,615,675	3,211,112	2,314,405
Telecommunications licenses and allocations of frequencies, goodwill and other intangible assets, net	5,124,555	2,217,529	1,957,949	1,500,799	1,338,305
Total assets	15,725,153	10,568,884	8,436,546	6,307,036	4,780,241
Total debt, including current portion(2)	8,442,926	2,766,609	2,489,432	1,998,166	1,581,138
Total liabilities	11,115,307	4,868,688	4,235,777	3,377,861	2,620,728
Redeemable noncontrolling interest*	469,604				
Total equity (restated*)	US$ 4,140,242	US$ 5,700,196	US$ 4,200,769	US$ 2,929,175	US$ 2,159,513

(1) Working capital is calculated as current assets less current liabilities.

(2) Includes bank loans, Russian ruble denominated bonds, equipment financing and capital lease obligations for all periods presented. Subsequent to December 31, 2008, there have been a number of additional changes in certain of our outstanding indebtedness. For information regarding these changes, see Item 5 Operating and Financial Review and Prospects Liquidity and Capital Resources Financing activities.

* Restated amounts as of December 31, 2008. Please refer to Note 23, Restatement of the Measurement of Noncontrolling Interest, to our consolidated financial statements included elsewhere in this Annual Report on Form 20-F/A.

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Selected Operating Data

The following selected operating data as of December 31, 2008, 2007, 2006, 2005 and 2004 has been derived from internal company sources and from independent sources that we believe to be reliable. The selected operating data set forth below should be read in conjunction with VimpelCom s consolidated financial statements and their related notes included elsewhere in this Annual Report on Form 20-F/A and the section of this Annual Report on Form 20-F/A entitled Item 5 Operating and Financial Review and Prospects. Our subscriber data, ARPU and MOU for years 2005 2008 and churn figures for year 2008 in the table below are reported on the basis of active subscribers.

	As of December 31,				
	2008	2007	2006	2005	2004
Selected industry operating data:					
Estimated population:(1)					
Russia	142,008,800	142,008,800	145,166,700	145,166,700	145,166,700
Kazakhstan	15,571,500	15,571,500	14,953,000	14,938,400	14,938,400
Ukraine	46,192,300	46,192,300	48,457,000	48,457,000	
Tajikistan	7,215,700	7,215,700	6,919,900	6,780,400	
Uzbekistan	27,100,000	27,100,000	26,021,300		
Armenia	3,230,100	3,230,100	3,200,000		
Georgia	4,500,000	4,500,000			
Estimated mobile subscribers:(2)					
Russia	187,830,000	172,870,000	151,920,000	125,760,000	74,350,000
Kazakhstan	14,437,927	12,692,511	7,735,500	5,510,300	2,700,000
Ukraine	55,793,102	55,596,318	49,219,900	30,205,100	
Tajikistan	3,428,061	2,131,103	821,500	275,000	
Uzbekistan	12,276,098	5,931,796	2,716,700		
Armenia	2,561,280	1,868,571	1,184,000		
Georgia	3,757,055	2,690,405			
Mobile penetration rate:(3)					
Russia	132.3%	121.7%	104.6%	86.6%	51.2%
Kazakhstan	92.7%	81.5%	51.7%	36.9%	18.1%
Ukraine	120.8%	120.4%	103.4%	63.8%	
Tajikistan	47.5%	29.5%	11.9%	4.1%	
Uzbekistan	45.3%	21.9%	10.4%		
Armenia	79.3%	57.8%	37.0%		
Georgia	83.5%	59.8%			
Selected company operating data:					
End of period mobile subscribers:					
Russia	47,676,844	42,221,252	39,782,690	35,936,356	
Kazakhstan	6,269,927	4,603,300	3,052,878	1,813,938	
Ukraine	2,052,493	1,941,251	1,523,682	249,189	
Tajikistan	624,624	339,393	72,028		
Uzbekistan	3,636,243	2,119,612	700,470		
Armenia	544,271	442,484	415,965		
Georgia	225,055	72,655			
Total mobile subscribers	**61,029,457**	**51,739,947**	**45,547,713**	**37,999,483**	
Market share:(4)					
Russia	25.4%	29.9%	31.7%	34.3%	34.6%
Kazakhstan	43.4%	46.5%	49.5%	37.2%	31.8%
Ukraine	3.6%	4.8%	3.8%	0.9%	
Tajikistan	18.3%	18.1%	7.0%	9.6%	
Uzbekistan	29.6%	37.3%	27.2%		
Armenia	21.2%	26.1%	37.9%		
Georgia	6.0%	3.7%			
Monthly average minutes of use per mobile subscriber (MOU(5))					
Russia	219.1	192.1	145.9	120.4	

Kazakhstan	104.3	94.6	70.4	55.3
Ukraine	231.8	163.2	149.7	36.2

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Tajikistan	238.9	220.6	121.1		
Uzbekistan	287.8	274.0	320.5		
Armenia	152.1	169.9	178.0		
Georgia	113.6	102.5			
Monthly average revenue per mobile subscriber (ARPU)					
Russia	US$ 13.9	US$ 12.6	US$ 9.6	US$ 8.5	
Kazakhstan	US$ 11.7	US$ 13.1	US$ 12.6	US$ 11.3	
Ukraine	US$ 7.6	US$ 4.7	US$ 5.0	US$ 4.3	
Tajikistan	US$ 9.5	US$ 9.7	US$ 6.8		
Uzbekistan	US$ 6.4	US$ 7.1	US$ 11.9		
Armenia	US$ 14.6	US$ 16.7	US$ 17.0		
Georgia	US$ 9.0	US$ 7.4			
Churn rate(6)					
Russia	34.6%	32.9%	35.4%	30.4%	29.3%
Kazakhstan	31.5%	23.5%	32.8%	30.3%	19.0%
Ukraine	84.0%	61.8%	18.6%		
Tajikistan	42.8%	4.6%	95.1%		
Uzbekistan	55.6%	61.7%	44.9%		
Armenia	106.2%	49.7%	9.1%		
Georgia	47.2%	1.0%			
Number of GSM base stations(7):					
Russia	26,633	22,088	19,241	15,659	10,659
Kazakhstan	3,119	2,291	1,791	1,126	586
Ukraine	3,015	2,294	1,653	596	
Tajikistan	494	326	107	6	
Uzbekistan	1,573	928	626		
Armenia	503	379	205		
Georgia	514	215			
End of period broadband subscribers(8):					
Russia	1,181,916				
Ukraine	24,147				
Total broadband subscribers	1,206,063				
Monthly average revenue per broadband subscriber (broadband ARPU(9))					
Russia	US$ 15.2				
Ukraine	US$ 15.3				

(1) Estimated population statistics for the year 2008 and 2007 for all countries were published by the Interstate Statistical Committee of the CIS. For the years 2006, 2005 and 2004, estimated population statistics for Russia were published by the Federal State Statistics Service, or Goskomstat, of Russia; estimated population statistics for Kazakhstan were published by the Statistics Agency of Kazakhstan; estimated population statistics for Ukraine were published by Goskomstat of Ukraine; and estimated population statistics for Uzbekistan, Armenia and Georgia were provided by our company.

(2) For the years 2008 and 2007, estimated mobile subscriber statistics for all countries were provided by AC&M Consulting, a management consulting and research agency specializing in the telecommunications industry in Russia and the CIS. For the years 2006 and 2005, estimated registered mobile subscriber statistics for Russia and Ukraine were published by AC&M Consulting. For the year 2004, estimated registered mobile subscriber statistics for Russia and Ukraine were provided by our company. Estimated registered mobile subscriber statistics for Kazakhstan, Uzbekistan, Tajikistan, Armenia and Georgia for the years 2006, 2005 and 2004 were provided by our company.

(3) For the years 2006 and 2005, penetration rates for Russia and Ukraine are based on data provided by AC&M Consulting. Penetration rates for all other countries for the years 2006 and 2005 and all countries for the years 2008, 2007 and 2004 are calculated by dividing the total estimated number of mobile subscribers in each relevant area (see Note (2)) by the total estimated population in such area (see Note (1)) as of the end of the relevant period.

(4) For the years 2008, 2007, 2006 and 2005, market share of subscribers for each relevant area (Russia, Kazakhstan, Ukraine, Tajikistan, Uzbekistan, Armenia and Georgia) is based on data provided by AC&M Consulting. Market share of subscribers for the year 2004 is based on our company s estimates. Starting from January 1, 2008 VimpelCom s subscriber market share is being reported solely on the basis of active subscribers, while previously it was based on registered subscribers. The drop in the reported market share in 2008 as compared to

2007 is caused by the change of reporting methodology.

(5) Monthly MOU is calculated by dividing the total number of minutes of usage for incoming and outgoing calls during the relevant period (excluding guest roamers) by the average number of subscribers during the period and dividing by the number of months in that period.

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(6) Churn rate for 2008 is based on active subscribers while churn for previous years was reported on the basis of registered subscribers. We define our churn of active subscribers as the number of active subscribers who left active base over the reported period expressed as a percentage of the midpoint of active base at the beginning and at the end of the period. The total number of churned subscribers is calculated as a difference between sales in the reported period and changing of active base for reported period. For previous periods we defined our churn rate of registered subscribers as the total number of registered subscribers disconnected from our network within a given period expressed as a percentage of the midpoint of registered subscribers in our network at the beginning and end of that period. Contract subscribers were disconnected if they had not paid their bills for up to two months. Prepaid subscribers were disconnected in two cases: (1) an account had been blocked after the balance drops to US$0 or below for up to six months or (2) an account showed no chargeable transaction for up to ten months. The exact number of months prior to disconnection varied by country and depended on the legislation and market specifics. Migration between prepaid and contract forms of payment was technically recorded as churn, which contributed to our churn rate even though we did not lose those subscribers. Similarly, prepaid customers who changed tariff plans by purchasing a new SIM card with our company were also counted as churn. Policies regarding the calculation of churn differ among operators.

(7) Including 3G base stations.

(8) Broadband subscribers are those subscribers in the registered subscriber base who were a party to a revenue generating activity in the past three months. Such activities include monthly internet access using FTTB, xDSL and WiFi technologies as well as mobile home internet service via USB modems.

(9) We calculate broadband ARPU as service revenue generated by broadband subscribers during the relevant period divided by the average number of the Company s broadband subscribers during the period and divided by the number of months in that period.

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B. Capitalization and Indebtedness

Not required.

C. Reasons for the Offer and Use of Proceeds

Not required.

D. Risk Factors

The risk factors below are associated with our company and our ADSs. Before purchasing our ADSs, you should carefully consider all of the information set forth in this Annual Report on Form 20-F/A and, in particular, the risks described below. If any of the following risks actually occur, our business, financial condition or results of operations could be harmed. In that case, the trading price of our ADSs could decline and you could lose all or part of your investment.

The risks and uncertainties below are not the only ones we face, but represent the risks that we believe are material. However, there may be additional risks that we currently consider not to be material or of which we are not currently aware and these risks could have the effects set forth above.

Risks Related to Our Business

Substantial leverage and debt service obligations may materially adversely affect our cash flow.

We have substantial amounts of outstanding indebtedness. As of December 31, 2008, the aggregate principal on our total outstanding indebtedness was approximately US$8,442.9 million. For more information regarding our outstanding indebtedness, see the sections of this Annual Report on Form 20-F/A entitled Item 5 Operating and Financial Review and Prospects Liquidity and Capital Resources Financing activities.

Our substantial leverage and the limits imposed by our debt obligations could have significant negative consequences, including limiting our ability to obtain additional financing, constraining our ability to invest in our business and placing us at a possible competitive disadvantage relative to less leveraged competitors which have greater access to capital resources.

We must generate sufficient net cash flow in order to meet our debt service obligations, and we cannot assure you that we will be able to meet such obligations. If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments, we would be in default under the terms of our indebtedness and the holders of our indebtedness would be able to accelerate the maturity of such indebtedness and could cause defaults under our other indebtedness.

If we do not generate sufficient cash flow from operations in order to meet our debt service obligations, we may have to undertake alternative financing plans to alleviate liquidity constraints, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital expenditures or seeking additional capital. We cannot assure you that any refinancing or additional financing would be available on acceptable terms, or that assets could be sold, or if sold, the timing of the sales and whether the proceeds realized from those sales would be sufficient to meet our debt service obligations. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance debt on commercially reasonable terms, could materially adversely affect our business, financial condition, results of operations and business prospects.

Covenants in our debt agreements could impair our liquidity and our ability to expand or finance our future operations.

The loan agreements and vendor financing agreements under which we borrow funds (as set forth in further detail in Item 5 Operating and Financial Review and Prospects Liquidity and Capital Resources Financing activities) contain a number of different covenants that impose on us certain operating and financial restrictions. Some of these covenants relate to the financial performance of our company, such as the level of earnings, debt, assets and shareholders equity. Other covenants limit the ability of, and in some cases prohibit, among other things, our company and certain of our subsidiaries from incurring additional indebtedness, creating liens on assets, entering into business combinations or engaging in certain activities with companies

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within our group. A failure to comply with these covenants would constitute a default under these relevant loan and vendor financing agreements and could trigger cross payment default/cross acceleration provisions under some or all of these agreements discussed above. In the event of such a default, the debtor s obligations under one or more of these agreements could, under certain circumstances, become immediately due and payable, which could have a material adverse effect on our business, our liquidity and our shareholders equity.

We may not be able to raise additional capital.

The actual amount of debt financing that we will need to raise will be influenced by the actual pace of subscriber growth over the period, capital expenditures, our acquisition plans and our ability to continue to generate sufficient amounts of revenue and ARPU growth. If we incur additional indebtedness, the related risks that we now face could increase. Specifically, we may not be able to generate enough cash to pay the principal, interest and other amounts due under our indebtedness. Due to a variety of factors, including a significant tightening in credit standards, deterioration in the availability of financing, or significant rise in interest rates in Russia, the United States or the European Union, we may not be able to borrow money within the local or international capital markets on acceptable terms or at all. As a result, we may be unable to make desired capital expenditures, take advantage of investment opportunities, refinance existing indebtedness or meet unexpected financial requirements, and our growth strategy and liquidity may be negatively affected. This could cause us to be unable to repay indebtedness as it comes due, to delay or abandon anticipated expenditures and investments or otherwise limit operations, which could materially adversely affect our business, financial condition and results of operations.

Our debts denominated in foreign currencies expose us to foreign exchange loss and convertibility risks.

We have introduced Russian ruble denominated mobile and fixed-line tariff plans throughout our license areas in Russia and we denominate tariffs in local currencies in most of our CIS operations. As we continue to have U.S. dollar- and Euro-denominated debts and continue to buy our telecommunications equipment in foreign currencies, we are exposed to higher foreign exchange loss risks related to the varying exchange rate of the Russian ruble and local CIS currencies against the U.S. dollar or Euro. Unless properly hedged, these risks could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we will be able to effectively hedge currency fluctuations due to the cost or availability of hedging instruments. Also, the imposition of exchange controls or other similar restrictions on currency convertibility in the CIS countries could limit our ability to convert currencies in a timely manner or at all, which could have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in the value of the Russian ruble and CIS currencies against the U.S. dollar, as well as our ability to convert our revenues, could materially adversely affect our business, financial condition and results of operations.

A significant amount of our costs, expenditures and liabilities are denominated in U.S. dollars, including capital expenditures and borrowings. We are required to collect revenues from our subscribers and from other Russian telecommunications operators for interconnect charges in Russian rubles, and there may be limits on our ability to convert these Russian rubles into foreign currency. We hold part of our readily available cash in U.S. dollars and Euros in order to manage against the risk of Russian ruble devaluation. Even though we have entered into forward and option agreements to hedge some of our financial obligations, if the U.S. dollar value of the Russian ruble were to dramatically decline, we could have difficulty repaying or refinancing our foreign currency denominated indebtedness. Significant changes in the Russian ruble to the value of the U.S. dollar or the Euro, unless effectively hedged, could result in significant variability in our earnings and cash flows. There can be no assurance that we will be able to effectively hedge currency fluctions due to the cost or availability of hedging instruments. An increase in the Russian ruble value of the U.S. dollar could, unless effectively hedged, result in a net foreign exchange loss due to an increase in the Russian ruble value of our U.S. dollar denominated liabilities. In turn, our net income could decrease. Accordingly, fluctuations in the value of the Russian ruble against the U.S. dollar could materially adversely affect our business, financial condition and results of operations. For more information about the market risks we are exposed to as a result of foreign currency exchange rate fluctuations, please see the section of the Annual Report on Form 20-F/A entitled Item 11 Quantitative and Qualitative Disclosures About Market Risk.

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In Kazakhstan, our costs, expenditures and current liabilities are denominated in the Kazakh tenge. Although our tariffs are also denominated in the Kazakh tenge, our subsidiary KaR-Tel has significant long-term financial liabilities denominated in the U.S. dollar. Similar to Kazakhstan, our costs, expenditures, current liabilities and tariffs in Ukraine are denominated in the Ukrainian hryvnia, but our subsidiary, Closed Joint Stock Company Ukrainian RadioSystems, or URS, has significant long-term financial liabilities denominated in the U.S. dollar. If the U.S. dollar value of the Kazakh tenge or the Ukrainian hryvnia declines, we could have difficulty repaying or refinancing our foreign currency denominated indebtedness, which could have a material adverse effect on our business, financial condition and results of operations. Also, the imposition of exchange controls or other similar restrictions on currency convertibility in Kazakhstan, Ukraine, Uzbekistan and other CIS countries could limit our ability to convert currencies in a timely and profitable manner, which could adversely affect our business, financial condition and results of operations.

Telenor and Alfa Group each beneficially owns a significant portion of our equity, which allows each of them to block shareholder decisions requiring a 75.0% vote, and their nominees to our board of directors can block board decisions requiring a supermajority vote.

Two of our beneficial shareholders, Telenor East Invest AS, or Telenor, and Eco Telecom Limited, part of the Alfa Group of companies, or the Alfa Group, each beneficially owns enough voting stock to block shareholder decisions that require at least a 75.0% majority vote. Telenor has reported that it beneficially owned 29.9% of our voting capital stock and Alfa Group has reported that it beneficially owns 44.0% of our voting capital stock. There is a risk that either of them could use its greater than 25.0% beneficial ownership of our voting capital stock to block certain shareholder decisions in a manner that may not be in our best interest or in the best interest of our minority shareholders or other security holders. For more information regarding each of Telenor s and Alfa Group s beneficial ownership of our shares, see the section of this Annual Report on Form 20-F/A entitled Item 7 Major Shareholders and Related Party Transactions A. Major Shareholders.

Furthermore, each of Telenor and Alfa Group has sufficient votes to elect at least three candidates to our board of directors. Several important decisions of our board may require the approval of at least eight out of nine directors, including: the approval of the business priorities and strategic orientations of our company; acquisitions or sales of shareholdings in other companies; approval and amendment of the annual budget and business plan (and approving any agreements beyond the limits of the approved budget and business plan); approval, amendment or termination of internal documents of our company (except those requiring shareholder approval); and appointment, dismissal and early termination of the authority of the general director. Therefore, there is a risk that Telenor s and Alfa Group s respective nominees to our board of directors could use their positions to block certain board decisions requiring an eight out of nine vote of the board in a manner that may not be in our best interest or the best interest of our minority shareholders or other security holders. For more information regarding our board of directors and each of Telenor s and Alfa Group s right to nominate directors, see the section of this Annual Report on Form 20-F/A entitled Item 6 Directors, Senior Management and Employees.

We have a limited non-compete agreement with our strategic shareholders and our strategic shareholders may pursue different development strategies from us and from one another in Russia, the CIS or other regions, which may hinder our company s ability to expand and/or compete in such regions and may lead to a further deterioration in the relationship between our two strategic shareholders.

The agreements currently in place among Telenor, Alfa Group and our company include a non-compete provision, but it is limited to Russia and does not extend to the CIS or any other country. In 2003, after receiving a waiver of this non-compete provision from our board (which waiver was approved by our three independent, disinterested directors as such terms are defined under Russian law), Alfa Group acquired a stake in Open Joint Stock Company MegaFon, or MegaFon, one of our main competitors. At the time, Alfa Group confirmed that following its acquisition of a stake in MegaFon, our company continues to be its primary investment vehicle in the Russian telecommunications industry. If Alfa Group s investment focus shifts in favor of MegaFon, our company may be deprived of the important benefits and resources that it derives from Alfa Group s current telecommunications investment policy. Additionally, a shift in Alfa Group s focus in favor of MegaFon may hinder our activities and operations and may prevent our further expansion.

Telenor and/or Alfa Group may have different strategies from us and from one another in pursuing development in the CIS or other regions outside of the CIS. For example, an affiliate of Telenor and a member of the Alfa Group of companies reportedly own 56.5% and 43.5%, respectively, of Joint Stock Company Kyivstar GSM, or Kyivstar, a mobile operator in Ukraine which competes with our Ukrainian subsidiary, URS. According to public reports, Telenor and Alfa Group have been involved in various disputes and litigations regarding their ownership of and control over Kyivstar. In addition, our company has been unsuccessfully sued in the Russian courts by Telenor challenging our company s acquisition of URS.

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The directors affiliated with Telenor and Alfa Group, respectively, have the ability to block decisions affecting our ability to expand our operations to the extent board approval is required. If shareholder approval is required, either or both of our strategic shareholders may have the ability to block decisions affecting our ability to expand our operations at the relevant shareholders meeting.

We cannot assure you that we, Telenor and Alfa Group may not wish to pursue different strategies, including in countries where one or both of our strategic shareholders have a presence and that our strategic shareholders will not take steps to block or challenge decisions affecting our ability to expand our operations in the future. Furthermore, if and to the extent that our strategic shareholders have different expansion strategies, it could lead to a further deterioration in their relationship which could have a material adverse effect on our business, financial condition and prospects.

Our strategic shareholders are involved in various disputes and litigations which have caused a deterioration in their relationship and could lead to a further deterioration which could have a material adverse effect on our business, financial condition and prospects and which could subject our company to further claims.

According to public reports, Telenor and Alfa Group have been involved in various disputes and litigations regarding their ownership of and control over Kyivstar. In addition, according to public reports, Alfa Group has commenced an arbitration in Geneva against Telenor claiming damages for breach of the shareholders agreement between Alfa Group and Telenor relating to VimpelCom in connection with alleged delays in our completion of the acquisition of URS. Telenor has also filed a claim in the U.S. federal court against several companies within the Alfa Group alleging violations of U.S. securities laws in connection with certain purchases of our securities. We are not a party to this arbitration or court proceeding. Furthermore, the Eighth Arbitrazh Apellate Court in Omsk has held Telenor liable for approximately US$1.7 billion in damages payable to our company in connection with a court case, or the Farimex Case, brought against Telenor by Farimex Products, Inc., the purported holder of 25,000 of our ADSs. While we were named a third party to the case, we have not participated in the proceedings to date. 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 it so chooses. The claim alleges, among other things, damages caused to our company by the actions of Telenor with regard to delaying our entrance into the Ukrainian telecommunications market. Press reports state that Telenor believes that Farimex is linked to Alfa Group and that Alfa Group denies any such links. Telenor has stated that it has appealed the court s decision. In addition, in connection with the US$1.7 billion judgment rendered against Telenor by the Eighth Arbitrazh Apellate Court in the Farimex Case, the court bailiff has 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. We also understand that the court bailiff may transfer the shares to us to the extent that they cannot be sold to satisfy the court judgment within a certain period of time. We are monitoring the case and are studying what, if any, consequences (including possible tax consequences) may arise from the judgment. 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.

To the extent that our strategic shareholders continue to engage in disputes and litigations in connection with the matters described above or with other matters, it could lead to a further deterioration in their relationship which could have a material adverse effect on our business, financial condition and prospects and could lead to further claims being made against our company by our strategic shareholders or others, which in turn could result in a material adverse effect on our business, financial condition and prospects. For more information about litigation relating to Telenor and Alfa Group, please see the section of this Annual Report on Form 20-F/A entitled Item 4 Information on the Company Legal Proceedings.

A disposition by one or both of our strategic shareholders of their respective stakes in our company or a change in control of our company, including as a result of any forced sale of Telenor s stake in connection with the Farimex Case, could harm our business.

Under certain of our debt agreements, we have change of control provisions that may require us to make a prepayment if certain parties acquire beneficial or legal ownership of or control over more than 50.0% of the shares in our company. These changes of control provisions generally exclude acquisitions of shares by reputable international telecommunications operators with at least a minimum specified debt rating. If a change of control is triggered and we fail to make any required prepayment, this could lead to an event of default, and could trigger cross default/cross acceleration provisions under certain of our other debt agreements. In such event, our obligations under one or more of these agreements could become immediately due and payable, which would have a material adverse effect on our business, financial condition and results of operations.

Alfa Group has disclosed that its affiliate, Eco Telecom, has pledged all of our common shares, preferred shares and ADSs owned by it as security in connection with a US$2.0 billion loan from the Bank for Development and Foreign Economic Affairs, or Vnesheconombank, a Russian state bank. In addition, as discussed in the immediately prior risk factor, in connection with the US$1.7 billion judgment rendered against Telenor in the Farimex Case, the court bailiff has 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. For more information about these matters, please see the section of this Annual Report on Form 20-F/A entitled Item 7 Major Shareholders and Related Party Transactions A. Major Shareholders and Item 4 Information on the Company Legal Proceedings. If Telenor or Alfa Group were to dispose of their stakes in VimpelCom, either voluntarily or involuntarily through, for example, a sale of Telenor s shares by the court bailiff or the foreclosure on the Eco Telecom s pledged shares, respectively, our company may be deprived of the benefits and resources that it derives from Telenor and Alfa Group, respectively, which could have a material adverse effect on our business, financial condition and results of operations.

We may not realize the anticipated benefits from acquisitions and we may assume unexpected or unforeseen liabilities and obligations or incur greater than expected liabilities in connection with acquisitions.

The actual outcome of acquisitions, including, without limitation, our recent acquisitions of a minority stake in Euroset Group (Euroset), a mobile retail chain, a minority stake in Joint Stock Company GTEl-Mobile (which holds a GSM license in Vietnam) (GTEL-Mobile), Sotelco Ltd. (which holds a GSM license in Cambodia) (Sotelco), Limited Liability Company Dominanta (which holds a mobile digital television license in the DVB-H standard) and Golden Telecom and Golden Telecom s recent acquisitions of a number of companies including Limited Liability Company Kolangon-Optim which holds digital television licenses in the DVB-T standard, and their effect on our company and the results of our operations may differ materially from our expectations as a result of the following factors, among others:

- past and future compliance with the terms of the telecommunications license and permissions of the acquired companies, their ability to get additional frequencies and their past and future compliance with applicable laws, rules and regulations (including, without limitation, tax and customs legislation);
- unexpected or unforeseen liabilities or obligations or greater than expected liabilities incurred prior to or after the acquisition, including tax, customs, indebtedness and other liabilities;
- the acquired company s inability to comply with the terms of its debt and other contractual obligations;
- the acquired company s ability to obtain or maintain favorable interconnect terms;
- our inability to extract anticipated synergies or to integrate an acquired business into our group in a timely and cost-effective manner;
- changes to the incumbent management personnel of our acquired companies or the possible deterioration of relationships with employees and customers as a result of integration;

exposure to foreign exchange risks that are difficult or expensive to hedge;

- the acquired company s inability to protect its trademarks and intellectual property and to register trademarks and other intellectual property used by such company in the past;
- developments in competition within each jurisdiction, including the entry of new competitors or an increase in aggressive competitive measures by our competitors;
- governmental regulation of the relevant industry in each jurisdiction, ambiguity in regulation and changing treatment of certain license conditions;
- political economic, social, legal and regulatory developments and uncertainties in each jurisdiction; and
- claims by third parties challenging our ownership or otherwise.

Our company may still pursue a strategy that includes additional expansion. Any future acquisitions or investments could be significant and in any case could involve risks inherent in assessing the value, strengths and weaknesses of such opportunities, particularly if we are unable to conduct thorough due diligence prior to the acquisition. Such acquisitions or investments may divert our resources and management time. We cannot assure you that any acquisition or investment could be made in a timely manner or on terms and conditions acceptable to us.

A deterioration in macroeconomic conditions could require us to write down goodwill on certain of our assets.

When we purchase a company, we record the difference between the fair value of the assets and the purchase price as goodwill. This goodwill is subject to impairment tests on an ongoing basis. We had goodwill impairment charges of US$315.0 million in our fixed operations in Russia and US$53.8 million in our Ukrainian mobile operations in 2008. A deterioration in macroeconomic conditions in the countries in which we operate and/or a significant difference between the performance of an acquired company and the business case assumed at the time of acquisition could require us to further write down the value of the goodwill. A write down in goodwill could impact the covenants under our debt agreements and could lead to a material adverse effect on our business, financial condition and results of operations.

The benefits of our business strategy may not materialize if we are unable to successfully integrate Golden Telecom and develop our combined business and if the assumptions underlying our strategy prove to be incorrect.

With the acquisition of Golden Telecom, our corporate strategy now focuses on providing integrated telecommunications services in addition to our core mobile consumer business. To execute our strategy, our management will be required to devote a significant amount of time and resources to the process of integrating the operations of Golden Telecom with VimpelCom s operations, which will decrease the time management has to manage the combined company s business, service existing clients, attract new clients, develop new services or strategies and respond to increasing forms of competition. The integration process will require significant input from Golden Telecom s management. Additionally, VimpelCom will depend to a significant extent upon the performance and contributions of Golden Telecom s senior management, as Golden Telecom offers services that VimpelCom has little or no experience providing. We cannot assure you that we will be able to retain Golden Telecom s senior management. Our inability to integrate successfully could have a material adverse effect on our company s business, financial condition and results of operations.

In addition, our new corporate strategy is based on certain beliefs and assumptions, among others, that the mobile and fixed-line assets of VimpelCom and Golden Telecom are complementary, that consumer Internet penetration in our markets is set to grow significantly and that the combination of each company s respective telecommunications assets will enable us to develop and deliver bundled telecommunications products and take advantage of cross-selling opportunities to grow our mobile and fixed-line subscriber bases. If any of our beliefs or assumptions proves to be incorrect or if we are unable to effectively execute our strategy, the return on our substantial investment in Golden Telecom may not materialize and our business, financial condition and results of operations would be materially adversely affected.

Our revenues are often unpredictable and our revenue sources are short-term in nature.

Future revenues from our prepaid mobile subscribers, our primary source of revenues, and our contract mobile subscribers are unpredictable. We do not require our prepaid mobile subscribers to enter into long-term service contracts and cannot be certain that they will continue to use our services in the future. We require our contract mobile subscribers to enter into service contracts; however, many of these service contracts can be

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cancelled by the subscriber with limited advance notice and without significant penalty. Our churn rate, which is the number of mobile subscribers disconnected from our mobile network within a given period expressed as a percentage of the midpoint of the number of subscribers at the beginning and end of that period, fluctuates significantly and is difficult to predict. Our churn rate was 38.2% (based on active base), 34.1% and 35.1% in 2008, 2007 and 2006, respectively. Consumption of mobile telephone services are driven by the level of consumer discretionary income. A deterioration in the economic situation could cause subscribers to have less discretionary income, thus affecting their spending on our services. The loss of a larger number of subscribers than anticipated could result in a loss of a significant amount of expected revenues. Because we incur costs based on our expectations of future revenues, our failure to accurately predict revenues could adversely affect our business, financial condition, results of operations and business prospects.

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We have experienced substantial growth and development in a relatively short period of time.

Over the course of the last four fiscal years, we have acquired companies in Armenia, Georgia, Uzbekistan, Tajikistan, Ukraine and Cambodia as well as in several regions of Russia. We have also entered into a joint venture in Vietnam. Most significantly, we acquired Golden Telecom, thereby entering the fixed-line voice, data and broadband markets in Russia and certain other countries of the CIS. Management of this growth has required significant managerial and operational resources and is likely to continue to do so. If we are unable to successfully manage our growth and efficiently integrate our acquisitions, our further development could be hampered and our business, financial condition and results of operations could suffer.

We could be subject to claims by the Russian tax inspectorate that could have a material adverse effect on our business.

We have been subject to substantial claims by the Russian tax inspectorate with respect to other tax years for which we have been audited in the past. These claims have resulted in additional payments, including fines and penalties, by our company to the tax authorities. We have challenged and are currently challenging certain claims by the Russian tax inspectorate in court. For more information regarding tax claims and their effects on our financial statements, see the sections of this Annual Report on Form 20-F/A entitled Item 4 Information on the Company Legal Proceedings and Item 5 Operating and Financial Review and Prospects and Note 21 to our consolidated financial statements included elsewhere in this Annual Report on Form 20-F/A. Tax audits both in Russia and in other countries in which we operate are conducted regularly. In addition, for more information concerning the tax risks we face, see the risk factor in this section entitled Risks Related to the Legal and Regulatory Environment in Russia and the CIS Unpredictable tax systems give rise to significant uncertainties and risks that complicate our tax planning and business decisions.

There can be no assurance that we will prevail at any stage of our litigation with the tax inspectorate. In addition, there can be no assurance that the tax authorities will not claim on the basis of the same asserted tax principles they have claimed against us for prior tax years or different tax principles that additional taxes are owed by our company for prior or future tax years or that the Ministry of Internal Affairs will not decide to initiate a criminal investigation in connection with claims for prior tax years. The adverse resolution of these or other tax matters that may arise could have a material adverse effect on our business, financial condition and results of operations.

Our competitors may receive preferential treatment from the regulatory authorities and benefit from the resources of their shareholders, potentially giving them a substantial competitive advantage over us.

Our competitors, including MTS, MegaFon, GSM Kazakhstan and others, may receive preferential treatment from the regulatory authorities and benefit from the resources of their shareholders, potentially giving them a substantial competitive advantage over us. Additionally, current or future relationships among our competitors and third parties may restrict our access to critical systems and resources. New competitors or alliances among competitors could rapidly acquire significant market share. We cannot assure you that we will be able to forge similar relationships or successfully compete against them.

Increased competition and a more diverse subscriber base in our mobile business could impact the average monthly service revenues per subscriber, which may have a material adverse effect on our results of operations.

Our average monthly service revenues per subscriber, or ARPU, significantly varies depending on the country of operations. In Russia, our ARPU increased from US$12.6 as of December 31, 2007 to US$13.9 as of December 31, 2008, in Kazakhstan ARPU declined from US$13.1 as of December 31, 2007 to US$11.7 as of December 31, 2008.

We cannot assure you that our ARPU will grow in the future. As subscriber growth rates slow, we are increasingly reliant on revenue growth for our operations to continue to expand. Our business strategy contemplates such growth and we are expending significant resources to increase our revenues, particularly by marketing new products and value added services to both our existing subscribers and new corporate and business subscribers. If we are unsuccessful in our marketing campaigns or the services we introduce are not well received by consumers, we will not generate the revenue anticipated and our ARPU may decline, which may materially adversely affect our business, financial condition and results of operations.

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In addition, as the subscriber penetration rates increase and the markets in which we operate mature, mobile services providers, including our company, may be forced to utilize more aggressive marketing schemes to retain existing subscribers and attract new ones. If this were to occur, our company may choose to adopt lower tariffs, offer handset subsidies or increase dealer commissions, any or all of which could materially adversely affect our business, financial condition and results of operations.

If we are unable to maintain our favorable brand image, we may be unable to attract new subscribers and retain existing subscribers, leading to loss of market share and revenues.

We have expended significant time and resources building our Beeline brand image. Our ability to attract new subscribers and retain existing subscribers depends in part on our ability to maintain what we believe to be our favorable brand image. Negative rumors or various claims by Russian or foreign governmental authorities, individual subscribers and third parties against our company could materially adversely affect this brand image. In addition, consumer preferences change and our failure to anticipate, identify or react to these changes by providing attractive services at competitive prices could negatively affect our market share. We cannot assure you that we will continue to maintain a favorable brand image in the future. Any loss of market share resulting from any or all of these factors could negatively affect our business, financial condition and results of operations.

If we cannot attract, train, retain and motivate qualified personnel, then we may be unable to successfully manage our business or otherwise compete effectively in the telecommunications industry, which could have a material adverse effect on our business.

To successfully manage our business, we depend in large part upon our ability to attract, train, retain and motivate highly skilled employees and management. There is significant competition for such employees, particularly during economic downturns such as the one we are currently experiencing. We may lose some of our most talented personnel to our competitors. If we cannot attract, train, retain and motivate qualified personnel, then we may be unable to successfully manage our business or otherwise compete effectively in the telecommunications industry, which could have a material adverse effect on our business, financial condition, results of operations and business prospects.

We may not be able to recover, or realize the value of, the debt investments that we make in our subsidiaries.

We lend funds to, and make further debt investments in, one or more of our subsidiaries under intercompany loan agreements and other types of contractual agreements. Certain of our subsidiaries are also parties to third-party financing arrangements that restrict our ability to recover our investments in these subsidiaries through the repayment of loans or dividends. For more information regarding our subsidiaries indebtedness, see Item 5 Operating and Financial Review and Prospects Liquidity and Capital Resources Financing activities. The restrictions on our subsidiaries to repay debt may make it difficult for us to meet our debt service obligations, which may adversely affect our business, financial condition, results of operations and business prospects.

Claims by the former shareholders of Limited Liability Partnership KaR-Tel and/or the Turkish Savings Deposit Insurance Fund or others may result in increased liabilities and obligations, including possible defaults under our outstanding indebtedness, and deprive us of the value of our ownership interest in KaR-Tel.

On January 10, 2005 KaR-Tel, received an order to pay issued by the Savings Deposit Insurance Fund, or the Fund, a Turkish state agency responsible for collecting state claims arising from bank insolvencies, in the amount of approximately US$5.5 billion (stated as approximately Turkish Lira 7.6 quadrillion and issued prior to the introduction of the New Turkish Lira, which became effective as of January 1, 2005). Our company believes that the order to pay is without merit, has filed a petition for cancellation of the order to pay and continues to contest the order. However, there can be no assurance that KaR-Tel will prevail in its petition for the cancellation of the order to pay or that we will not be subject to protracted litigation with the Fund or others. The adverse resolution of this matter and any other matter that may arise in connection with the order to pay issued by the Fund or any other claims made by the Fund or the former shareholders of KaR-Tel, could have a

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material adverse effect on our business, financial condition and results of operations, including an event of default under some or all of our outstanding indebtedness. For more information about our litigation relating to KaR-Tel, please see the section of this Annual Report on Form 20-F/A entitled Item 4 Information on the Company Legal Proceedings.

We may be subject to claims in connection with Sky Mobile.

On February 13, 2008, we advanced to Crowell Investments Limited, or Crowell, a loan in the principal amount of US$350.0 million for a term of 18 months at an interest rate of 10.0%. Crowell owns 25.0% of KaR-Tel s parent company, Limnotex Developments Limited, or Limnotex, where VimpelCom owns the remaining 75.0%. To secure its borrowing, Crowell gave us a security interest over 25.0% of the shares of Limnotex. The loan agreement was entered into after Crowell acquired the entire issued share capital of the parent company of Limited Liability Company Sky Mobile (Sky Mobile), a mobile operator in Kyrgyzstan. In connection with the loan, Crowell granted our company two call options over the entire issued share capital of Sky Mobile s parent company. In March 2008, KaR-Tel and Sky Mobile entered into a management agreement pursuant to which KaR-Tel will assist in operation and management of Sky Mobile s mobile network and will assist Sky Mobile, on an exclusive basis, with provision of products and services in Kyrgyzstan.

Since November 2006, the Chief Executive Officer and directors of our company have received several letters from MTS and its representatives asserting that Sky Mobile s business and its assets were misappropriated from Bitel, an MTS affiliate, and demanding that we not purchase Sky Mobile, directly or indirectly, or participate or assist in the sale of Sky Mobile to any other entities. These letters have suggested that MTS will take legal action against our company in order to protect MTS s interest in Bitel and Bitel s assets, including Bitel s alleged interests in certain of Sky Mobile s assets. There can be no assurance that MTS or any other party will not bring an action against our company and KaR-Tel in connection with Sky Mobile or, if so brought, that we will prevail in any such lawsuit. The adverse resolution of any matter that may arise in connection with Sky Mobile could have a material adverse effect on our company, its business, its expansion strategy and its financial results.

Our licenses may be suspended or revoked and we may be fined or penalized for alleged violations of law or regulations.

We are required to meet certain terms and conditions under our licenses, including meeting certain conditions established by the legislation regulating the communications industry. For more information on our licenses and their related requirements, please see the sections of this Annual Report on Form 20-F/A entitled Item 4 Information on the Company Mobile Telecommunications Licenses, Item 4 Information on the Company Fixed-line, Data and Long Distance Licenses and Item 4 Information on the Company Regulation of Telecommunications .

If we fail to comply with the conditions of our licenses or with the requirements established by the legislation regulating the communications industry, or if we do not obtain permits for the operation of our equipment, use of frequencies or additional licenses for broadcasting directly or through agreements with broadcasting companies, we anticipate that we would have an opportunity to cure any non-compliance. However, we cannot assure you that we will receive a grace period, and we cannot assure you that any grace afforded to us would be sufficient to allow us to cure any remaining non-compliance. In the event that we do not cure any remaining non-compliance, the applicable regulator could decide to suspend and seek termination of the license. The occurrence of any of these events could materially adversely affect our ability to build out our networks in accordance with our plans and could harm our reputation. Our subsidiary in Kazakhstan has not fully complied with the coverage conditions of its GSM license.

If we fail to fulfill the specific terms of any of our licenses, frequency permissions or other governmental permissions or if we provide services in a manner that violates applicable legislation, government regulators may levy fines, suspend or terminate our licenses, frequency permissions, or other governmental permissions or refuse to renew licenses that are up for renewal. A suspension and the subsequent termination of GSM licenses, 3G license, Long distance and international services license or refusal to renew our licenses could materially adversely affect our business, financial condition and results of operations.

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Our licenses are granted for specified periods and they may not be extended or replaced upon expiration.

All of our licenses are granted for specified terms, and we can give you no assurance that any license will be renewed upon expiration. Our super-regional GSM licenses in Russia will expire in 2012 and 2013, our territorial GSM licenses in Russia will expire in various years from 2010 to 2012 and our mobile licenses in the CIS will expire in various years from 2009 to 2021. Our 3G license in Russia will expire in 2017. Golden Telecom s telecommunications licenses expire in various years from 2009 to 2013. If renewed, our licenses may contain additional obligations, including payment obligations, or may cover reduced service areas or scope of service.

Our frequency allocations for most of our mobile license areas expire at the same time as or after the expiration date of our corresponding licenses. We cannot predict whether we will be able to obtain extensions of our frequency allocations and whether extensions will be granted in a timely manner and without any significant additional costs. It is possible that there could be a re-allocation of frequencies upon the expiration of existing permissions or the granting of frequency allocations for the same channels as our frequency allocations, requiring that we coordinate the use of our frequencies with the other license holders and/or experience a loss of quality in our network.

If our licenses for provision of telecommunications services or frequency allocations are not renewed, our business could be materially adversely affected. For more information, please see the section of this Annual Report on Form 20-F/A entitled Item 4 Information on the Company Mobile Telecommunications Licenses.

We face uncertainty regarding payments for frequency allocations under the terms of some of our licenses.

We are required to make payments for frequency allocations under the terms of our licenses. In some cases, these frequency allocation payments have been substantial. Though we have not been charged significant fees for frequency allocations in our license areas since 1998, we cannot assure you that in the future we will not be required to make substantial payments for additional frequency channels that we use or need, which could negatively affect our financial results. The loss or suspension of many of our frequency allocations could affect our ability to provide services and materially adversely affect our business, financial condition and results of operations. For more information, please see the section of this Annual Report on Form 20-F/A entitled Item 4 Information on the Company Regulation of Telecommunications.

Our ability to provide telecommunications services would be severely hampered if our access to local and long distance line capacity was limited or if the commercial terms of our interconnect agreements were significantly altered.

Our ability to secure and maintain interconnect agreements with other wireless and local, domestic and international fixed-line operators on cost-effective terms is critical to the economic viability of our operations. Interconnection is required to complete calls that originate on our respective networks but terminate outside of our respective networks, or that originate from outside our networks and terminate on our respective networks. A significant increase in our interconnect costs or a lack of available line capacity for interconnection could have a material adverse effect on our ability to provide services. We anticipate that Russian fixed-line providers will significantly increase their interconnect costs in the near future in response to recent significant increases in the Ruble inflation rate.

In April 2006, we received a license for long distance and international communications services in Russia. The license is valid for a period of seven years and contains the customary conditions for licenses of this kind, including a start-of-service requirement of September 12, 2008. VimpelCom made a request concerning extension of start-of-service date and then received a letter of February 20, 2009 from Roskomnadzor extending the start-of-service date of long distance and international license. We requested and obtained an extension of the start-of-service requirement until August 12, 2009 because there are no available access codes. VimpelCom has received a letter from the Ministry which stated that VimpelCom had the right to provide traffic transmission services of the connected networks of other communications operators while using its own long distance and international telephone communications network and having permits for communications installations operation, issued in accordance with the established procedure.

Currently, long distance and international communications services are provided by LLC EDN Sovintel which is a wholly-owned indirect subsidiary of VimpelCom. Our major competitors in the area of mobile communications have also received or will receive licenses to provide long distance and international communications services but we understand that they have not received access codes. We may encounter difficulties in changing our infrastructure and expanding and operating our networks if, among other things, we fail to obtain sufficient and reliable transmission capacity.

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our infrastructure and expanding and operating our networks if, among other things, we fail to obtain sufficient and reliable transmission capacity. Currently, long distance and international communications services are provided by LLC EDN Sovintel which is a wholly-owned indirect subsidiary of VimpelCom.

We face uncertainty regarding our frequency allocations, equipment permits and network registration, and we may experience limited spectrum capacity for providing wireless services.

We have in the past been unable to obtain frequency allocations necessary to test or expand our networks. For example, our applications for GSM-900 frequencies in five regions within the Urals super-region and eight regions in the Northwest super-region were denied. Further, we were denied a grant of GSM-900, GSM-1800 frequencies in the Far East super-region and E-GSM frequencies throughout all of Russia by Russia s State Radio Frequency Commission, or the SRFC. Although our company received frequencies in three regions within the Far East super-region through tenders conducted in 2007, our company was denied frequencies for eight other regions within the Far East super-region. The Federal Antimonopoly Service has declared that the terms of these tenders violated Russian antimonopoly law and, together with our company, filed a lawsuit challenging the results of the tenders. This lawsuit and a related lawsuit by a regulatory agency seeking invalidation of the Federal Antimonopoly Service declaration are pending. These proceedings could result in our company losing the frequencies allocated to us pursuant to the tenders, and we cannot provide any assurance that our company will obtain additional frequencies in the Far East super-region. For more information about this litigation, please see the section of this Annual Report on Form 20-F/A entitled Item 4 Information on the Company Legal Proceedings.

In addition, we may encounter difficulties in building our networks or face other factors beyond our control that could affect the quality of our services, increase the cost of construction or operation of our networks or delay the introduction of services. For example, in accordance with recently introduced amendments to the law On Communications, or Communications Law, operators will have to register their communication networks but the procedure for such registration has not been announced. This creates regulatory uncertainty that could hamper development of our networks. As a result, we could experience difficulty in increasing our subscriber base or could fail to meet license requirements, either of which may have a material adverse effect on our business.

The laws of Russia and the CIS (except Georgia) prohibit the operation of telecommunications equipment without a relevant permit from the appropriate regulatory body. It is frequently not possible for us to procure all of the permissions and registrations for each of our base stations, including registration of our title to land plots underlying our base stations and constructions permits, or other aspects of our network before we put the base stations into operation or to amend or maintain all of the permissions when it is necessary to change the location or technical specifications of our base stations. At times, there can be a number of base stations or other communications facilities and other aspects of our networks for which we do not have final permission to operate. This problem may be exacerbated if there are delays in issuing necessary permits.

We also regularly receive notices from Russian and CIS regulatory authorities warning us that we are not in compliance with aspects of our licenses and permits and requiring us to cure the violations within a certain time period. We have closed base stations on several occasions in order to comply with regulations and notices from regulatory authorities. Any failure by our company to cure such violations could result in the applicable license being suspended and subsequently revoked. Although we generally take all necessary steps to comply with any license violations within the stated time periods by switching off base stations that do not have all necessary permits until such permits are obtained, we cannot assure you that our licenses will not be suspended and subsequently revoked in the future. If we are found to operate telecommunications equipment without an applicable permit, we could experience a significant disruption in our service or network operation and this would have a material adverse effect on our business, financial condition and results of operations.

It may be more difficult for us to attract new mobile subscribers in the regions of Russia and the CIS than it is for our competitors that established a local presence prior to the time that our company did.

We do not possess a first mover advantage in most of the geographic areas where we operate. In many cases, we have been the second, third, or fourth mobile operator to enter a particular market. As a result, it may be more difficult for our company to attract new subscribers than it is for our competitors (including MTS and MegaFon and their respective affiliates in Russia and the CIS) that entered markets and established a local presence in some cases years before we did. The mobile markets outside Russia are significant to our company, as the rate of subscriber growth in Russia has significantly slowed as a result of oversaturation. If we are not successful in penetrating markets where we operate, our business may be materially adversely affected.

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We are in competitive industries and we may face greater competition as a result of market and regulatory developments.

The issuance of additional telecommunications licenses or the implementation of new technology in any of the license areas in which we operate could greatly increase competition and threaten our business. For example, in 2007 our competitors, Tele2 and Sky Link, were reported to have been awarded GSM licenses in parts of Russia and the CIS. In addition, a third GSM license was recently issued in Kazakhstan, resulting in increased competition in the Kazakh market. An additional GSM license has been issued in Armenia, and the government of Armenia has recently liberalized the fixed line market in Armenia, which will result in increased competition. Competitors that are able to operate telecommunications networks that are more cost effective than ours may have competitive advantages over us, which could harm our business. We may also face competition from other communications technologies. Additionally, Internet protocol telephony may provide competition for us in the future. The increased availability or marketing of these technologies could reduce our subscribers and materially adversely affect our business, financial condition and results of operations.

Providers of traditional fixed-line telephone services and mobile operators that have obtained fixed-line licenses may compete with us as their services improve. The fixed-line market has historically been dominated by Svyazinvest in Russia, Kazakhtelecom in Kazakhstan, Ukrtelecom in Ukraine, Uzbektelecom in Uzbekistan and Tajiktelecom in Tajikistan all former state monopoly telecommunications services providers. These companies and other established competitors, such as Rostelecom, have significant competitive advantages over our fixed-line operations, including:

- significant resources and greater market presence and network coverage;
- brand name recognition, customer loyalty and goodwill;
- control over domestic transmission lines and over access to these lines by other participants; and
- close ties to national and local regulatory authorities who may be reluctant to adopt policies that would result in increased competition for Svyazinvest, Uzbektelecom, Kazakhtelecom or Ukrtelecom and other historically state-owned companies.

Our failure to keep pace with technological changes and evolving industry standards could harm our competitive position and, in turn, materially adversely affect our business.

The telecommunications industry is characterized by rapidly changing technology and evolving industry standards. We experience new customer demands for more sophisticated telecommunications and Internet services in Russia, Ukraine and the CIS as well as for other new technologies. For example, we are testing and implementing new technologies such as WiFi, voice over Internet protocol, Digital Video Broadcast Terrestrial, wireless local loop and high-speed customer Internet. Accordingly, our future success will depend, in part, on the adoption of a favorable policy and regulation of standards utilizing these technologies. Our success will also depend on our ability to adapt to the changing technological landscape. However, the rapid technological advances in the telecommunications industry make it difficult to predict the extent of future competition. It is possible that the technologies we utilize today will become obsolete or subject to competition from new technologies in the future for which we may be unable to obtain the appropriate license.

We may not be able to meet all of these challenges in a timely and cost-effective manner. In addition, we may not be able to acquire licenses, which we may deem necessary to compete or we may not be able to acquire such licenses on reasonable terms and we may not be able to develop a strategy compatible with this or any other new technology.

On April 20, 2007, the Federal Communications Agency announced the results of three tenders for awarding 3G licenses and our company was awarded a license for the provision of IMT-2000/UMTS 3G mobile radiotelephony communications services for the entire territory of the Russian Federation. The 3G license was granted subject to certain capital commitments. The 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 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 the license. Part of the frequency spectra

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related to the 3G license are currently used by other commercial and governmental entities and our 3G network development will require those entities to vacate those frequency spectra. Additionally, 3G network development requires significant financial investments and there can be no assurance that our company will be able to develop a 3G network on commercially reasonable terms; that we will not experience delays in developing our 3G network or that we will be able to meet all of the license terms and conditions, including the start of the service requirement. If we experience substantial problems with our 3G services, or if we fail to introduce new services on a timely basis relative to our competitors, it may impair the success of our 3G services, delay or decrease revenues and profits and therefore may hinder recovery of our significant capital investments in 3G services as well as our growth.

Our strategic partnerships and relationships to develop our business are accompanied by inherent business risks.

We may enter into strategic partnerships and joint ventures with other companies to develop our business and expand our operations beyond the CIS. For example, in July 2008 we entered into a joint venture to provide mobile services in Vietnam. In October 2008 we acquired a minority stake in Euroset, a mobile handset retailer and dealer for major mobile network operators in Russia. For more information about the joint venture in Vietnam and our acquisition of a minority stake in Euroset, please see the section of this Annual Report on Form 20-F/A entitled Item 5 Operating and Financial Review and Prospects Liquidity and Capital Resources Investing activities 2008.

Emerging market strategic partnerships and joint ventures are often accompanied by risks, including in relation to:

- the possibility that a strategic or joint venture partner or partners will default in connection with their obligations;
- the possibility that a strategic or joint venture partner will hinder development by blocking capital increases if that partner runs out of money, disagrees with our views on developing the business, or loses interest in pursuing the partnership or joint projects;
- risk inherent in the business of the partnership or joint venture itself, such as funding and liquidity;
- diversion of resources and management time;
- potential joint and several or secondary liability for transactions and liabilities of the partnership or joint venture entity;
- the difficulty of maintaining uniform standards, controls, procedures and policies; and
- the loss of a strategic or joint venture partner and the associated benefits, such as insight into operating a business in an economic, social and political environment that is unfamiliar to us.

We cannot assure you that a market for our future services will develop or that we can satisfy subscriber expectations, which could result in a significant loss of our subscriber base.

We currently offer our subscribers a number of value added services, including voice mail, SMS, call forwarding, wireless Internet access, IP telephony, known as VoIP, entertainment and information services, music and data transmission services. Despite investing significant resources in marketing, we may not be successful in creating or competing in a market for these value added services. We cannot assure you that subscribers will continue to utilize the services we offer. If we fail to obtain widespread commercial and public acceptance of our new services, our visibility in the telecommunications markets in Russia and the CIS could be jeopardized, which could result in a significant loss of our subscriber base and have a material adverse affect on our business, financial condition, results of operations and business prospects.

Sustained periods of high inflation may materially adversely affect our business.

Russia has experienced periods of high levels of inflation since the early 1990s. Inflation increased dramatically following the August 1998 financial crisis, reaching a rate of 84.4% in 1998. In the following years inflation steadily declined to reach 9.0% in 2006. However, inflationary pressure on the Russian ruble remains significant, as evidenced by the increase in the inflation rate in 2007 to 11.9% and in 2008 to 13.3%. The inflation rate may increase at a more rapid pace in 2009 as a result of the worldwide economic downturn. Our profit margins could be adversely affected if we are unable to sufficiently increase our prices to offset any significant future increase in the inflation rate, which may become more difficult as we attract more mass market subscribers and our subscriber base becomes more price sensitive. Inflationary pressure in Russia and the other CIS countries where we have operations could materially adversely affect our business, financial condition and results of operations.

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We could experience subscriber database piracy, which may materially adversely affect our reputation, lead to subscriber lawsuits, loss of subscribers or hinder our ability to gain new subscribers and thereby materially adversely affect our business.

We may be exposed to database piracy which could result in the unauthorized dissemination of information about our subscribers, including their names, addresses, home phone numbers, passport details and individual tax numbers. The breach of security of our database and illegal sale of our subscribers personal information could materially adversely impact our reputation, prompt lawsuits against us by individual and corporate subscribers, lead to a loss in subscribers and hinder our ability to attract new subscribers. These factors, individually or in the aggregate, could have a material adverse affect on our business, financial condition, results of operations and business prospects.

We are subject to anti-monopoly and consumer protection regulation in Russia and the CIS, which could restrict our business.

Anti-monopoly and consumer protection regulators in Russia and the CIS have oversight over consumer affairs and advertising. We have received notices from the Russian and Armenian anti-monopoly regulators and the consumer protection regulators alleging violations of competition regulations, consumer rights and advertising regulations in the past. We are currently in the process of resolving certain issues raised by the Russian regulators regarding, for instance, our advertising of certain promotions and some of the terms of our subscriber agreements. Regulatory measures taken in response to violations may include the requirement to discontinue certain advertisements or to amend our subscriber agreements, or the imposition of fines, tariffs or restrictions on acquisitions or on other activities, such as contractual obligations.

Anti-monopoly regulators in Russia and the CIS are also authorized to regulate companies deemed to be a dominant force in, or a monopolist of, a market. Because the law does not always clearly define market in terms of either services provided or geographic area of activity, it is difficult to determine under what circumstances we could be subject to these or similar measures. However, in 2002, we were entered into the register of business entities for having a market share in the telecommunications market in the Moscow license area of over 35.0%. On April 8, 2009 antimonopoly body by its order had excluded our Company from the regional section of the Register for Moscow region in connection with entering VimpelCom into the Federal register in accordance with the antimonopoly body order of the same date of April 8, 2009 as in more detail set out below. In October 2006, a new law On Protection of Competition became effective, which introduced new criteria pursuant to which the Russian anti-monopoly regulators may determine that a company has a dominant position in a particular market of goods or services if such company has a market share between 35.0-50.0% or over 50.0%. However, in accordance with certain provisions of the Communications Law and for purposes of application of the Law on Foreign Investment in Strategic Enterprises, which came into force on May 7, 2008, which we refer to as the Foreign Investment Law, a mobile telecommunications operator is deemed to have a dominant position if its share of the Russian mobile telecommunications market exceeds 25.0%. Our company received an order dated April 8, 2009 from the Federal Antimonopoly Service, which we refer to as the FAS Order, stating that a group of persons consisting of our company and two of our Russian subsidiaries, one of which has been merged with and into our company, has a dominant position in the Russian mobile telecommunications market as our share in this market exceeds 25.0%. Because of the inconsistencies in the laws referenced above and ambiguity in the text of the FAS Order, it is not clear whether our company may now be deemed to have a dominant position for purposes of the law On Protection of Competition. If our company is deemed to have a dominant position in the telecommunications market, our company could be prohibited from taking certain actions that could be viewed by the anti-monopoly regulators as abusive of our dominant position. As a result, our ability to set tariff prices may be restricted or we may be required to include provisions into our subscriber agreements that would be detrimental to our company. Thus, we may be subject to anti-monopoly regulation, which could adversely affect our business and our growth strategy.

The concepts of affiliated persons and group of persons that are fundamental to the anti-monopoly laws and to the laws on joint stock companies in Russia and the CIS are not clearly defined and are subject to different interpretations. Consequently, anti-monopoly regulators or other competent authorities may challenge the positions we or certain of our officers, directors, or shareholders have taken in this respect despite our best efforts at compliance. Any successful challenge by an anti-monopoly regulator or other competent authority may expose us or certain of our officers, directors, or shareholders to fines or penalties and may result in the invalidation of certain agreements or arrangements. This may adversely affect the manner in which we manage and operate certain aspects of our business.

Anti-monopoly regulations in Russia and in countries in which we are interested in expanding our business may require us to obtain anti-monopoly approvals for certain acquisitions, reorganization or some other transactions as may be provided for in applicable law. The applicable rules are subject to different interpretations and the competent authorities may challenge the positions that we take. We may also be unable to comply with antimonopoly approvals due to administrative delays in the review process or for other reasons. Failure to obtain such approval or the activity of the relevant anti-monopoly bodies may impede or adversely affect our business and ability to expand our operations.

Our equipment supply arrangements may be terminated or interrupted and our existing equipment and systems may be subject to disruption and failure, which could cause us to lose customers, limit our growth and violate our licenses.

The successful build-out and operation of our networks depends heavily on obtaining adequate supplies of switching equipment, base stations and other equipment on a timely basis. We currently purchase our equipment from a small number of suppliers, principally Ericsson, Cisco Systems, Siemens, Motorola, Alcatel, Nokia and Huawei, although some of the equipment that we use is available from other suppliers. From time to time, we have experienced delays receiving equipment. Our business could be materially adversely affected if we are unable to obtain adequate supplies or equipment from our suppliers in a timely manner and on reasonable terms.

Our business depends on providing customers with reliability, capacity and security. As telecommunications increases in technological capacity, it may become increasingly subject to computer viruses and other disruptions. We cannot be sure that our network system will not be the target of a virus or, if it is, that we will be able to maintain the integrity of the data of our corporate customers or of that in individual handsets of our mobile subscribers or that a virus will not overload our network, causing significant harm to our operations. In addition to computer viruses, the services we provide may be subject to disruptions resulting from numerous other factors, including human error, security breaches, equipment defects, and natural disasters, which could have a material adverse effect on our business.

Problems with our backbone, switches, controllers, fiber optic network or network nodes at one or more of our base stations, whether or not within our control, could result in service interruptions or significant damage to our networks. All of our equipment for provision of mobile services in Moscow is located primarily in two buildings in Moscow. Disruption to the operation of these buildings such as from electricity outages or damage to these buildings could result in disruption of our mobile services in Moscow. Golden Telecom s subsidiary, Sovintel, stores a network node at state-owned premises in Moscow, pursuant to an agreement with the Russian authorities. Sovintel s loss of its right to continue occupying the premises could have a materially adverse affect on our business, financial condition and results of operations.

Although we have back-up capacity for our network management operations and maintenance systems, automatic transfer to our back-up capacity is not seamless, and may cause network service interruptions. In recent years, we have experienced network service interruptions, which occur from time to time during installations of new software. Interruptions of services could harm our business reputation and reduce the confidence of our subscribers and consequently impair our ability to obtain and retain subscribers and could lead to a violation of the terms of our licenses, each of which could materially adversely affect our business. We do not carry business interruption insurance to prevent against network disruptions.

Our ability to manage our business successfully is contingent upon our ability to implement sufficient operational resources systems and processes to support our rapid growth. We may face risks in connection with the correct use of the newly introduced systems and processes in the regions of Russia and the CIS or integrating new technologies into existing systems. For example, if our billing system develops unexpected limitations or problems, subscriber bills may not be generated promptly and/or correctly. This could materially adversely impact our business since we would not be able to collect promptly on subscriber balances.

Our operations in the CIS and the operations of Golden Telecom employ billing and management information systems which may not provide our management with information that is sufficient in amount or accuracy. Golden Telecom is in the process of integrating its billing and management information systems, which will allow it to bill its customers and to manage other administrative tasks through a unified system. If Golden Telecom is unable to integrate and upgrade its billing and management information systems to support its integrated operations, its billing may be insufficient, which could have a material adverse effect on our revenues. Furthermore, Golden Telecom relies on agent billing and information systems to provide information necessary to generate invoices in certain areas of its operations. Golden Telecom may encounter risks associated with verification and calculation of volumes of long-distance services provided to end users, invoicing and revenue recognition.

Sale of handsets and other devices could have a negative impact on our Company.

Historically the vast majority of our revenue has come from providing telecommunications services, with relatively little of our revenue coming from sales of handsets and other devices. In 2008 we significantly increased our sale of devices by beginning to sell broadband internet modems and entering into an agreement with Apple Sales International to sell iPhones. Sales of devices tend to yield lower profit margins than sale of services and the need to maintain devices in inventory can have a negative impact on our working capital. In addition, sales of handsets are sensitive to changes in economic conditions and there can be no assurance that we will be able to fulfill our purchase commitment under the agreement with Apple Sales International. For more information, please see the section of this Annual Report on Form 20-F/A entitled Item 5 Operating and Financial Review and Prospects Results of Operations Liquidity and Capital Resources Contractual Obligations.

Russian companies may be required to adopt a decision on liquidation when their net assets are negative.

Under Russian law, if a company s net asset value at the end of its second or any subsequent financial year, as determined under Russian accounting standards, is less than the minimum charter capital required by law, such company must adopt a decision to liquidate. If it fails to do so within a reasonable period, the company s creditors are entitled to request early termination and acceleration of the company s obligations to them and to demand compensation of damages, and governmental agencies may seek involuntary liquidation of such company. Limited Liability Company Kolangon-Optim (Kolangon-Optim) had negative net assets as of December 31, 2008. We believe that this subsidiary is solvent and continues to meet all of its obligations to creditors, however, if an involuntary liquidation of our subsidiary were to occur, our business, financial condition and results of operations could be materially adversely affected.

Allegations of health risks related to the use of mobile telephones could have a material adverse effect on us.

There have been allegations that the use of certain portable mobile devices may cause serious health risks. The actual or perceived health risks of mobile devices could diminish subscriber growth, reduce network usage per subscriber, spark product liability lawsuits or limit available financing. Each of these possibilities has the potential to cause material adverse consequences for us and for the entire mobile industry.

Our intellectual property rights are costly and difficult to protect, and we cannot guarantee that the steps we have taken to protect our property rights will be adequate.

We regard our copyrights, trademarks, trade dress, trade secrets and similar intellectual property, including our rights to certain domain names, as important to our continued success. We rely upon trademark and copyright law, trade secret protection and confidentiality or license agreements with our employees, customers, partners and others to protect our proprietary rights. However, intellectual property rights are especially difficult to protect in the markets where we operate. In these markets, the regulatory agencies charged to protect intellectual property rights are inadequately funded, legislation is underdeveloped, piracy is commonplace and enforcement of court decisions is difficult.

In addition, litigation may be necessary to enforce our intellectual property rights, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement. Any such litigation may result in substantial costs and diversion of resources, and, if decided unfavorably to us, could have a material adverse effect on our business, financial condition or results of operations. We also may incur substantial acquisition or settlement costs where doing so would strengthen or expand our intellectual property rights or limit our exposure to intellectual property claims of third parties. While we have successfully enforced our intellectual property rights in courts in the past, we cannot assure you that we will be able to successfully protect our property rights in the future.

Risks Related to Our Operations in Russia and the CIS

Investors in emerging markets, such as Russia and the CIS, are subject to greater risks than investors in more developed markets, including significant political, legal and economic risks and risks related to fluctuations in the global economy.

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including in some cases significant political, legal and economic risks. Emerging market governments and judiciaries often exercise broad, unchecked discretion and are susceptible to abuse and corruption. Emerging economies are subject to rapid change and the information set out herein may become outdated relatively quickly. The economies of the CIS, like other emerging economies, are vulnerable to market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in these markets and materially adversely affect their economies. These developments could severely limit our access to capital and could materially adversely affect the purchasing power of our subscribers and, consequently, our business. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult with their own legal, financial and tax advisors.

We face a number of economic, political, social and regulatory risks relating to conducting business in the CIS.

Although a significant number of our risk factors relate to the risks associated with conducting business in Russia, where a majority of our assets and operations are located, similar risks in each instance also apply to the conduct of our business and operations in Kazakhstan, Ukraine, Uzbekistan, Tajikistan, Georgia and Armenia. In some instances, the risks inherent in transacting business in these countries may be more acute than those in Russia. Prior to our acquisitions in Kazakhstan, Ukraine, Uzbekistan, Tajikistan, Georgia and Armenia, our company did not have any experience operating in these countries. Regulatory risks present in these countries and in any other countries where we may acquire additional operations may not be similar to those we face in Russia and may increase our vulnerability to such risks. If any of these risks materialize, our business could be materially adversely affected.

The limited history of mobile telecommunications services in the CIS and our limited operating history in the CIS create additional business risks.

Mobile telecommunications services are relatively new in the CIS, which have generally experienced slower economic growth over the past decade than Russia. As the mobile telecommunications services industry develops in these areas, changes in market conditions could make our development of services less attractive or no longer commercially feasible. A reduction in our viable development opportunities could have a material adverse effect on our business. In addition, we have a limited operating history providing mobile telecommunications services in the CIS. Consequently, we are subject to the risks associated with entering into any new product line. Our failure to properly manage those risks could have a material adverse effect on our business.

Risks Related to the Political Environment in Russia and the CIS

If political and economic relations between Russia and the other countries of the CIS deteriorate, our operations in the CIS could be materially adversely affected.

Political and economic relations between Russia and the other countries of the CIS are complex and recent conflicts have arisen between the government of Russia and the governments of some of the countries of the CIS. For example, the relationship between Russia and Ukraine has been historically strained due to, among other things, Ukraine s failure to pay arrears relating to the supply of energy resources, Russia s introduction of an 18.0% value added tax on Ukrainian imports and provocative statements by some politicians. The relationship between Russia and Georgia has also been strained due to several ongoing disputes which resulted in military conflict in August 2008 and may lead to military and/or economic conflict in the future. Although our company operates in the CIS through local subsidiaries, governmental officials and consumers may associate our group and our brand with Russia. Any deterioration in political and economic relations between Russia and the other countries of the CIS could have a material adverse effect on our business, financial condition and results of operations.

If reform policies in Russia and the CIS are reversed, our business could be harmed and it could restrict our ability to obtain financing.

Our business, in part, depends on the political and economic policies set by the governments of the countries where we operate. For example, in recent years, the political and economic situation in Russia has been stable, which has allowed for continued economic growth. However, there is a persistent sentiment in Russia against certain private enterprises that is being encouraged by a number of prominent Duma deputies, political analysts and members of the media. In addition, reforms may be hindered if conflicts of interest are permitted to exist when officials are also engaged in private business, particularly when the business interests are in the industry which the officials regulate. Notwithstanding initiatives to combat corruption, Russia and the CIS, like many other markets, continue to experience corruption and conflicts of interests of officials, which add to the uncertainties we face, and may increase our costs. Any deterioration of the investment climate could restrict our ability to obtain financing in international capital markets in the future and our business could be harmed if governmental instability recurs or if reform policies are reversed.

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Risks Related to the Economic Situation in Russia and the CIS

The current international economic crisis and potential economic instability in Russia and the CIS countries in which we operate could materially adversely affect our business.

Although in the past few years Russia and certain CIS economies have exhibited positive trends, such as an increase in gross domestic product and a stable and strengthening currency, in late 2008 the economies of Russia and the CIS were adversely affected by the international economic crisis associated with the U.S. subprime-mortgage crisis. Among other things, the crisis led to a slowdown in Russian GDP growth and a devaluation of the Ruble. The timing for a reversal of the current negative economic trends is difficult to predict. Because Russia and Kazakhstan produce and export large amounts of oil, the economies of these countries are particularly vulnerable to the price of oil on the world market and fluctuations in international oil prices could adversely affect these economies. The current downturn and any future downturns in the economies of Russia and the CIS could diminish demand for our services, our ability to retain existing customers and collect payments from them and could prevent us from executing our growth strategy. Such downturns could also hurt our liquidity, prevent us from obtaining financing needed to fund our expansion, which could cause our business, financial condition and results of operations to suffer.

The physical infrastructure in Russia and the CIS is in poor condition and further deterioration in the physical infrastructure could have a material adverse effect on our business.

The physical infrastructure in Russia and the CIS largely dates back to Soviet times and has not been adequately funded and maintained in recent years. Particularly affected are the rail and road networks, power generation and transmission, communications systems and building stock. The public switched telephone networks have reached capacity limits and need modernization, which may inconvenience our subscribers and will require us to make additional capital expenditures. Additional investment is required to increase line capacity. In addition, continued growth in local, long-distance and international traffic, including that generated by our subscribers, and development in the types of services provided may require substantial investment in public switched telephone networks. Any efforts to modernize infrastructure may result in increased charges and tariffs, potentially adding costs to our business. The deterioration of the physical infrastructure harms the economies of these countries, disrupts the transportation of goods and supplies, adds costs to doing business and can interrupt business operations. These difficulties can impact us directly; for example, we have needed to keep portable electrical generators available to help us maintain base station operations in the event of power failures. Further deterioration in the physical infrastructure could have a material adverse effect on our business.

The banking systems in Russia and the CIS remain underdeveloped and there are a limited number of creditworthy banks in these countries with which our company can conduct business.

The banking and other financial systems in Russia and the CIS are not well developed or regulated, and laws relating to banks and bank accounts are subject to varying interpretations and inconsistent applications. For example, in Russia, there are a limited number of banks that meet international banking standards and the transparency of the Russian banking sector in some respects lags behind internationally accepted norms. Most creditworthy Russian banks are located in Moscow and there are fewer creditworthy Russian banks in the regions outside of Moscow. Recently, there has been an increase in lending by Russian banks, which many believe has been accompanied by a deterioration in the credit quality of the borrowers. The deficiencies in the Russian banking system, coupled with a decline in the credit portfolios of Russian banks, may result in the banking sector being more susceptible to the current worldwide credit market downturn and economic slowdown. The credit crisis that began in the United States in the Autumn of 2008 has resulted in decreased liquidity in the Russian credit market and weakened the Russian financial system. Efforts by the Russian government to increase liquidity have been stymied by an unwillingness in the banking sector to lend to other banks and to the real economy. The current lack of liquidity and economic slowdown have raised the possibility of Russian corporate defaults and led to bank failures and downgrades of Russian banks by credit rating agencies. More bank failures and credit downgrades may result in a crisis throughout the Russian banking sector. Starting from the fourth quarter of 2008, a majority of the Russian banks experienced difficulties with funding on domestic and international markets and interest rates increased significantly. Some of the banks were unable to service their obligations and were sold to larger banks. Credit ratings of several banks have been lowered. The Russian Government has provided liquidity to the banking system but major banks have been unwilling or unable to transfer money to the economy in the form of loans. A prolonged or serious banking crisis or the bankruptcy of a number of banks, including banks in which we receive or hold our funds, could materially adversely affect our business and our ability to complete banking transactions in Russia.

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The banking and financial systems in the CIS are even less developed than in Russia and may be more susceptible to the current economic downturn. Few international banks have subsidiaries in Kazakhstan, Uzbekistan, Ukraine and Armenia, and no international banks operate subsidiaries in Tajikistan and Georgia. We have attempted to mitigate our banking risk by receiving and holding funds with the most creditworthy banks available in each country. However, in the event of a banking crisis in any of these countries or the bankruptcy or insolvency of the banks from which we receive, or with which we hold, our funds could result in the loss of our deposits or negatively affect our ability to complete banking transactions in these countries, which could have a material adverse effect on our business, financial conditions and results of operations.

Information that we have obtained from third party sources may be unreliable.

We have sourced certain information contained in this Annual Report on Form 20-F/A from third parties, including private companies and governmental agencies, and we have relied on the accuracy of this information without independent verification. The official data published by governmental agencies in Russia and the CIS is substantially less complete and less reliable than similar data in the United States and Western Europe. We cannot be certain that the information that we obtained from government and other sources and included in this document is reliable. When reading this Annual Report on Form 20-F/A, you should keep in mind that the data and statistics that we have included relating to Russia and the CIS could be incomplete or erroneous. In addition, because there is limited reliable data and no current official data regarding the relevant telecommunications markets, including our competitors, we have relied, without independent verification, on certain publicly available information. This includes press releases and filings under the U.S. securities laws, as well as information from various private publications, some or all of which could be based on estimates or unreliable sources.

Risks Related to the Social Environment in Russia and the CIS

Social instability in Russia and the CIS could lead to increased support for centralized authority and a rise in nationalism, which could harm our business.

Social instability in Russia and the CIS, coupled with difficult economic conditions, could lead to increased support for centralized authority and a rise in nationalism. These sentiments could lead to restrictions on foreign ownership of companies in the telecommunications industry or large-scale nationalization or expropriation of foreign-owned assets or businesses. There is relatively little experience in enforcing legislation enacted to protect private property against nationalization or expropriation. As a result, we may not be able to obtain proper redress in the courts, and we may not receive adequate compensation if in the future the Russian, Ukrainian, Kazakh, Tajik, Uzbek, Georgian or Armenian governments decide to nationalize or expropriate some or all of our assets. If this occurs, our business could be harmed.

In addition, ethnic, religious, historical and other divisions have, on occasion, given rise to tensions and, in certain cases, military conflict. The spread of violence, or its intensification, could have significant political consequences, including the imposition of a state of emergency in some parts or throughout Russia and the CIS. These events could materially adversely affect the investment environment in Russia and the CIS.

Risks Related to the Legal and Regulatory Environment in Russia and the CIS

We operate in an uncertain regulatory environment, which could cause compliance to become more complicated, burdensome and expensive and could result in our operating without all of the required permissions.

Although the Communications Law regarding license renewals in Russia has been clarified, the licensing procedures (including the re-issuance of licenses, frequencies and other permissions in connection with mergers and the issuance of local and zonal licenses) appear to differ from the procedures under prior law and do not always clearly state the steps to be followed to obtain new licenses, frequencies, numbering capacity or other permissions needed to operate our business, and do not clearly specify the consequences for violations of the foregoing.

As a result of the uncertainty in the regulatory environment in Russia and the CIS we have experienced and could experience in the future:

- restrictions or delays in obtaining additional numbering capacity, receiving new licenses and frequencies, receiving regulatory approvals for rolling out our networks in the regions for which we have licenses, receiving regulatory approvals for changing our frequency plans and importing and certifying our equipment;

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- difficulty in complying with applicable legislation and the terms of any notices or warnings received from the regulatory authorities in a timely manner;

- significant additional costs;

- delays in implementing our operating or business plans; and

- a more competitive operating environment.

Telecommunications operators in Russia and the CIS are subject to regulatory levies and fees and may become subject to pricing regulation.

Russian telecommunications operators are obligated to pay levies and fees under the Communications Law and pursuant to existing regulation. For example, every telecommunications operator is required to make compulsory payments to a universal services fund in the amount of 1.2% of its revenues (excluding revenues from traffic transmissions). Additionally, the Communications Law provides for payments for numbering capacity allocation, including through auctions in instances where numbering capacity is scarce. Because telecommunications operators apply for numbering allocation on a regular basis, this payment requirement may have a material adverse effect on the financial condition of operators.

Telecommunications regulators in Russia and the CIS may impose additional levies and fees on our operations from time to time. Such payment obligations create financial burdens and we may not be able to pass related costs on to subscribers, which, in turn could have a material adverse affect on our business, financial condition and results of operations. It has been reported that Kazakh and Ukrainian authorities are each considering implementing new compulsory payments to their respective universal telecommunications services funds and that the Tajik authorities are considering implementing a significant increase in license fees for mobile telecommunications operations.

In the recent past, amendments to the Communications Law have been proposed which would have resulted in the regulation of tariffs set by mobile operators for interconnection and transfer of traffic. According to the proposed amendments, an operator will be subject to such regulation if it, together with its affiliated persons, owns at least 25.0% of the installed capacity of the operational networks that are part of the public communications network and relate to the same type of communications services technology, such as communications networks using DEF codes, within a subject territory of the Russian Federation or throughout the Russian Federation. Although the proposed amendments were not adopted, these or similar amendments may be adopted in the future and would restrict our ability to set tariffs. Such restrictions could have a material adverse affect on our business, financial condition and results of operations.

Arbitrary action by the authorities may have a material adverse effect on our business.

Governmental, regulatory and tax authorities have a high degree of discretion and at times exercise their discretion arbitrarily, without a hearing or prior notice, and sometimes in a manner that is contrary to law. In Russia, governmental actions have included unscheduled inspections by regulators, suspension or withdrawal of licenses and permissions, unexpected tax audits, criminal prosecutions and civil actions. Russian federal and local government entities have also used common defects in matters surrounding share-issuances and registration as pretexts for court claims and other demands to invalidate such issuances and registrations and void transactions. Authorities also have the power in certain circumstances, by regulation or government act, to interfere with the performance of, nullify or possibly terminate contracts. Although such actions have been condemned at the highest government levels, they continue to take place according to press reports.

If we are found not to be in compliance with applicable telecommunications laws or regulations, we could be exposed to additional costs or suspension or termination of our licenses, which may materially adversely affect our business.

Our operations and properties are subject to considerable regulation by various governmental entities in connection with obtaining and renewing various licenses, frequencies and permissions, as well as ongoing compliance with existing laws, decrees and regulations. We cannot assure you that regulators, judicial authorities or third parties will not challenge our compliance with such laws, decrees and regulations.

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Governmental agencies exercise considerable discretion in matters of enforcement and interpretation of applicable laws, decrees and regulations, the issuance and renewal of licenses, frequencies and permissions and in monitoring licensees compliance therewith. Communications regulators conduct periodic inspections and have the right to conduct additional unscheduled inspections during the year. We have been able to cure violations found by the regulators within the applicable grace period but were nevertheless required to pay fines. We cannot assure you that in the course of future inspections conducted by regulatory authorities, we will not be found to have violated any laws, decrees or regulations, that we will be able to cure such violations within any grace periods permitted by such notices, or that the regulatory authorities will be satisfied by the remedial actions we have taken or will take.

In Russia, we routinely receive notices with respect to violations of our GSM licenses. To the extent possible, we take measures to comply with the requirements of the notices. Nonetheless, at any given time, there may be outstanding notices with which we have not complied within the cure periods specified in the notices, primarily due to delays in the issuance of frequency permits, sanitation-epidemiological permissions, and permissions for the operation of our equipment and communication facilities in connection with the rollout of our networks (including our transportation network) by responsible regulatory authorities. Accordingly, at any given time a certain percentage of our base stations and equipment may not have all permissions required causing us to be in violation of the terms of our GSM licenses. Failure to comply with the provisions of a notice due to a delay in the issuance of such permits or permissions by the regulatory bodies at times has not been, and in the future may not be, an acceptable explanation to the authorities issuing the notices. In 2006, 2007 and 2008, in order to comply with notices from the regulator, we switched off a number of base stations that were operating without the necessary permissions. If we switch off additional base stations, the quality of service of our networks in those areas may deteriorate. We cannot assure you that we will be able to cure such violations within the grace periods permitted by such notices or that the regulator will be satisfied by the remedial actions we have taken or will take. In addition, we cannot assure you that our requests for extensions of time periods in order to enable us to comply with the terms of the notices will be granted. Accordingly, we cannot assure you that such findings by the regulator or any other authority will not result in the imposition of fines or penalties or more severe sanctions, including the suspension and subsequent termination of our licenses, frequency allocations, authorizations, registrations, or other permissions, any of which could increase our estimated costs and materially adversely affect our business.

Developing legal systems of the countries in which we operate create a number of uncertainties for our business.

Many aspects of the legal systems in Russia and the CIS create uncertainties with respect to many of the legal and business decisions that we make, many of which do not exist in countries with more developed legal systems. The uncertainties we face include, among others, potential for negative changes in laws, gaps and inconsistencies between the laws and regulatory structure, and difficulties in enforcement due to an under-developed judicial system.

The nature of much of the legislation in Russia and the CIS, the lack of consensus about the scope, content and pace of economic and political reform and the rapid evolution of the legal system in Russia and the CIS in ways that may not always coincide with market developments, place the enforceability and, possibly, the constitutionality of laws and regulations in doubt and result in ambiguities, inconsistencies and anomalies. The legislation often contemplates implementing regulations that have not yet been promulgated, leaving substantial gaps in the regulatory infrastructure. All of these weaknesses could affect our ability to enforce our rights under our licenses and under our contracts, or to defend ourselves against claims by others.

Lack of independence and experience of the judiciary, difficulty of enforcing court decisions, the unpredictable acknowledgement and enforcement of foreign court judgments or arbitral awards in Russia and the CIS and governmental discretion in enforcing claims give rise to significant uncertainties.

The independence of the judicial system and its immunity from political, economic and nationalistic influences in Russia and the CIS remains largely untested. Judicial precedents have no formal binding effect on subsequent decisions. Not all legislation and court decisions are readily available to the public or organized in a manner that facilitates understanding. The judicial systems can be slow. Enforcement of court orders can in practice be very difficult. All of these factors make judicial decisions in Russia and the CIS difficult to predict and make effective redress uncertain. Additionally, court claims are often used in furtherance of political aims. We may be subject to such claims and may not be able to receive a fair hearing. Additionally, court orders are not always enforced or followed by law enforcement agencies.

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None of the countries where we operate, including Russia, are parties to any multilateral or bilateral treaties with most Western jurisdictions, including the United Kingdom, for the mutual enforcement of judgments of state courts. Consequently, should a judgment be obtained from a court in any of such jurisdictions, it is highly unlikely to be given direct effect in the courts of Russia and the CIS. However, Russia is party to a bilateral agreement for mutual assistance in civil cases with Ukraine. In addition, Russia (as successor to the Soviet Union), Ukraine and Kazakhstan are party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, which we refer to as the New York Convention. A foreign arbitral award obtained in a state that is party to the New York Convention should be recognized and enforced by a Russian court (subject to the qualifications provided for in the New York Convention and compliance with Russian civil procedure regulations and other procedures and requirements established by Russian legislation and non-violation of Russian public policy). There is also a risk that Russian procedural legislation will be changed by way of introducing further grounds preventing foreign court judgments and arbitral awards from being recognized and enforced in Russia. In practice, reliance upon international treaties may meet with resistance or a lack of understanding on the part of Russian courts or other officials, thereby introducing delays and unpredictability into the process of enforcing any foreign judgment or any foreign arbitral award in the Russian Federation.

Unpredictable tax systems give rise to significant uncertainties and risks that complicate our tax planning and business decisions.

The tax systems in Russia and the CIS are unpredictable and give rise to significant uncertainties, which complicate our tax planning and business decisions. Tax laws in Russia and the CIS have been in force for a relatively short period of time as compared to tax laws in more developed market economies.

Russian companies are subject to a broad range of taxes imposed at the federal, regional and local levels, including but not limited to value added tax, excise duties, profit tax, payroll-related taxes, property taxes and other taxes. Russia s federal and local tax laws and regulations are subject to frequent change, varying interpretations and inconsistent or unclear enforcement. It is not uncommon for differing opinions regarding legal interpretation to exist both between companies subject to such taxes and the ministries and organizations of the Russian Government and between different branches of the Russian Government such as the Federal Tax Service and its various local tax inspectorates, resulting in uncertainties and areas of conflict. Tax declarations are subject to review and investigation by a number of tax authorities which are enabled by law to impose penalties and interest charges. The fact that a tax declaration has been audited by tax authorities does not bar that declaration, or any other tax declaration applicable to that year, from a further tax review by a superior tax authority during a three-year period. As previous audits do not exclude subsequent claims relating to the audited period, the statute of limitations is not entirely effective. In some instances, even though it may potentially be considered unconstitutional, Russian tax authorities have applied certain taxes retroactively. Within the past few years the Russian tax authorities appear to be taking a more aggressive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

In addition, on October 12, 2006, the Plenum of the Supreme Arbitration Court of the Russian Federation issued Ruling No. 53 which introduced a new concept of unjustified tax benefit which is defined mainly by reference to specific examples of such tax benefits, such as absence of business purpose, which may lead to disallowance thereof for tax purposes. There is no practice or guidance on interpretation of this new concept by the tax authorities or courts, but it is likely that the tax authorities will actively seek to apply this concept when challenging tax positions taken by taxpayers in Russian courts. Although the intention of this ruling was to combat abuse of tax law, in practice there is no assurance that the tax authorities will not seek to apply this concept in a broader sense than may have been intended by the Supreme Arbitration Court. Furthermore, there is a trend to broaden the application of criminal responsibility for tax violations as exemplified by Resolution No. 64 of the Russian Supreme Court, On the practice of applying responsibility for tax crimes, dated December 28, 2006. We are subject to periodic tax inspections that may result in tax assessments and additional amounts owed by us for prior tax periods. For more information on such risks, please see Risks Related to Our Business We could be subject to claims by the Russian tax inspectorate that could have a material adverse effect on our business. For more information about our disputes with the Russian tax authorities, please see the section of this Annual Report on Form 20-F/A entitled Item 4 Information on the Company Legal Proceedings.

Russia s federal and local tax collection system increases the likelihood that Russia will impose arbitrary or onerous taxes and penalties in the future, which could materially adversely affect our business. Uncertainty related to Russian tax laws exposes us to significant fines and penalties and to enforcement measures despite our best efforts at compliance, and could result in a greater than expected tax burden. Uncertainty relating to Russian transfer pricing rules could lead tax authorities to impose significant additional tax liabilities as a result of transfer pricing adjustments or other similar claims, and could have a material adverse effect on our company.

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Under current Russian accounting and tax principles, financial statements of Russian companies are not consolidated for tax purposes. As a result, each Russian-registered entity in our group pays its own Russian taxes and we cannot offset the profits or losses in any single Russian entity against the profits or losses of any other Russian entity. As a result, our overall effective tax rate may increase. It is likely that Russian tax legislation will become more sophisticated in the future. The introduction of new tax provisions may affect the overall tax efficiency of our group and may result in significant additional taxes becoming payable. Although we will undertake to minimize such exposures with effective tax planning, we cannot assure you that additional tax exposure will not arise in the future. Additional tax exposure could have a material adverse effect on our financial results.

Laws restricting foreign investment could materially adversely affect our business.

We could be materially adversely affected by the adoption of new laws or regulations restricting foreign participation in, or increasing state regulation of, the telecommunications industry in Russia and/or the CIS. The Foreign Investment Law places limits on the amount of foreign investment in companies that are deemed to be strategic. Pursuant to the Foreign Investment Law, a company operating in the telecommunications sector may be deemed strategic to the extent that it holds a dominant position in the Russian communications market (except for the Internet services market) or, in the case of fixed-line telecommunications, in the particular company s market covering five or more Russian regions or covering Russian cities of federal importance. In connection with the passage of the Foreign Investment Law, amendments were adopted to certain provisions of the Communications Law which provide that with respect to mobile telecommunications, a company will be deemed to have a dominant position for purposes of application of the Foreign Investment Law if its share of the Russian mobile telecommunications market exceeds 25.0%. According to the FAS Order, the Federal Antimonopoly Service has determined that a group of persons consisting of our company and two of our Russian subsidiaries, one of which has been merged with and into our company, has a dominant position as our share of the Russian mobile telecommunications market exceeds 25.0%. As a consequence, our company is now deemed to be a strategic enterprise and, among other things, any transaction for acquisition by a foreign investor of a direct or indirect control over more than 50.0% of our voting shares will now require the prior approval of the Russian authorities pursuant to the Foreign Investment Law. There can be no assurance that the limits on foreign investment pursuant to the Foreign Investment Law would not have a material adverse effect on our business, financial condition, results of operations and prospects.

In Kazakhstan, an amendment to the law On National Security was adopted in July 2004 which specifically limits investments to less than 49.0% by foreign legal entities or individuals in domestic and long distance operators who own certain communications lines (including fiber optic and microwave links). The law On Investments, adopted in January 2003, consolidated past Kazakh legislation governing foreign investment. While these laws guarantee the stability of existing contracts, all contracts are subject to amendments in domestic legislation, certain provisions of international treaties, and domestic laws dealing with national and ecological security, health and ethics.

The developing securities laws and regulations of Russia and the CIS may limit our ability to attract future investment and could subject us to fines or other enforcement measures despite our best efforts at compliance, which could cause our financial results to suffer and harm our business.

The regulation and supervision of the securities market, financial intermediaries and issuers are considerably less developed in Russia and the CIS than in the United States and Western Europe. Disclosure and reporting requirements, anti-fraud safeguards, insider trading restrictions and fiduciary duties are relatively new to Russia and the CIS and are unfamiliar to most companies and managers. In addition, Russian securities rules and regulations can change rapidly, which may materially adversely affect our ability to conduct securities-related transactions, including our ability to attract investments in our securities in the Russian market. We may be subject to fines or other enforcement measures despite our best efforts at compliance, which could cause our financial results to suffer and harm our business.

Uncertainty relating to the interpretation and application of interested party transaction rules could result in the invalidation of transactions.

We are required by Russian law and our charter to obtain the approval of disinterested directors or shareholders for transactions with interested parties. From time to time, we and our subsidiaries engage in various transactions, including reorganizations, that

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may require special approvals under Russian law, and we and our subsidiaries engage in numerous transactions which may require interested party transaction approvals in accordance with Russian law. The provisions of Russian law defining which transactions must be approved as interested party transactions and the terms affiliated persons and group of persons , which are integral to interested party transaction analysis, ar subject to different interpretations. We cannot be certain that our application of these concepts will not be subject to challenge. Any such challenge could result in the invalidation of transactions that are important to our business. The failure to obtain necessary approvals could have a material adverse effect on our business.

We may be exposed to liability for actions taken by our subsidiaries.

In certain cases we may be jointly and severally liable for any obligations of a subsidiary under a transaction. We may also incur secondary liability for any obligations of a subsidiary in certain cases involving bankruptcy or insolvency. The other shareholders of the subsidiary may seek compensation from us for the losses sustained by the subsidiary that were caused by us. This type of liability could result in significant obligations and materially adversely affect our business.

Provisions under Russian law relating to shareholder rights and obligations may impose additional costs on us or make strategic transactions more costly and difficult to accomplish.

Under Russian law, our shareholders who vote against or do not participate in voting on some decisions have the right to sell their shares to us at market value. Our obligation to purchase shares in these circumstances, which is limited to 10.0% of our net assets calculated at the time the decision is taken according to Russian accounting standards, could have a material adverse effect on our cash flow and our ability to service our indebtedness.

Russia s Law on Joint Stock Companies provides that all shareholders in the event of public placement of shares of our stock and convertible securities as well as shareholders who vote against or abstain from voting on a decision to place shares of our stock or convertible securities through a closed subscription (or private placement) have a preemptive right to acquire additional shares or convertible securities at the same price pro rata to the number of shares they own. This requirement may lead to further delays in completing equity and convertible offerings and may lead to uncertainty with respect to sales of newly-issued shares to strategic investors or in connection with transactions.

The Law on Joint Stock Companies imposes certain rights and obligations in connection with acquisitions of major stakes in open joint stock companies. Generally, an investor crossing the 30.0%, 50.0% or 75.0% voting share ownership thresholds in an open joint stock company is required to make a mandatory offer to purchase all outstanding shares of the company. The amendments also establish certain rights when a shareholder crosses the 95.0% voting share ownership threshold. A person/legal entity that acquires more than 95.0% of a company s voting shares is obliged either to (a) notify other shareholders of their right to tender their securities to such a person/legal entity, or (b) exercise the right to purchase all outstanding shares and securities convertible into shares. These provisions could lead to uncertainty with respect to, and increase the cost of, investments and transactions involving share transfers.

Risks Related to Our Common Stock and ADSs

Russian law may consider the depositary as the beneficial owner of our common shares underlying our ADSs.

Although we consider our ADS holders to be the beneficial, or real, owners of the common shares underlying the ADSs and endeavor to provide our ADS holders the same rights and benefits as the holders of our common shares, Russian law is unclear about the status of ADS holders and may consider the depositary as the beneficial owner of our common shares underlying our ADSs. This would be different from the way other jurisdictions treat ADS holders. For instance, in the United States, although shares may be held in the depositary s name or to its order, making it a legal owner of the shares, the ADS holders are the beneficial or real owners. Russian law may not make the same distinction between legal and beneficial ownership, and it may only recognize the rights of the depositary in whose name the common shares underlying the ADSs are held. This could have the following consequences, among others:

- our company may have to comply with provisions of Russian law applicable to companies with less than 1,000 holders of common stock, whereas our company currently complies with provisions of Russian law applicable to companies with more than 1,000 holders of common stock;

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our ADS holders could lose all of their rights to the common shares underlying the ADSs if the depositary s assets in Russia are seized or arrested, as Russian courts may treat the common shares underlying the ADSs as the assets of the depositary in whose name the shares are held; and

the mandatory offer provisions of the Joint Stock Company Law may not be triggered by an acquisition of ADSs that would give a person beneficial ownership of more than 30.0%, 50.0% or 75.0% of our voting stock.

If Russian law does not recognize an ADS holder as a beneficial owner and the ADS holder is unable to convert his/her ADSs into our common shares, the ADS holder could be deprived of the rights and benefits that holders of shares of our common stock have under Russian law.

Voting rights with respect to the shares of common stock represented by ADSs are limited by the terms of the depositary agreement for the ADSs, our charter and Russian law.

Voting rights with respect to the shares of common stock represented by ADSs may only be exercised in accordance with the provisions of the depositary agreement for the ADSs, our charter and Russian law. However, there are practical limitations with respect to the ability to exercise voting rights due to the additional procedural steps involved in communicating with ADS holders. For example, our charter requires us to notify shareholders at least 30 days in advance of any general meeting. Our shareholders will receive notice directly from our company and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. By contrast, ADS holders will not receive notice directly from us. Rather, in accordance with the depositary agreement, we will provide the notice to the depositary. In turn, the depositary has undertaken, as soon as practicable thereafter, to mail to ADS holders the notice of such meeting, voting instruction forms and a statement as to the manner in which ADS holders may give instructions.

To exercise its voting rights, an ADS holder must then instruct the depositary how to vote the shares underlying the ADSs. Because of this extra procedural step involving the depositary, the process for exercising voting rights may take longer for an ADS holder than for holders of shares of common stock. ADSs for which the depositary does not receive timely voting instructions will not be voted at any meeting. If this occurs, an ADS holder generally will not be able to exercise voting rights attaching to the ADSs or the shares of common stock that underlie the ADSs.

Additionally, Russian regulations have been enacted that restrict the total number of shares of outstanding stock allowed to circulate outside of Russia through an ADS program. Under the relevant regulations, not more than 25.0% of the total number of shares of outstanding stock of each class of a company deemed to be a strategic enterprise, such as our company, are allowed to circulate abroad. Previous ADS programs, including our existing ADS program, should be exempt under a general grandfather rule. However, in the future, we may be required to reduce the size of our ADS program or to amend the depositary agreement for the ADSs. In addition, a maximum of 70.0% of the shares to be issued in the offering for a new ADS program may be placed outside of Russia, while the remaining 30.0% must be placed inside Russia through a broker or stock exchange.

The price of our ADSs may be volatile.

Although our ADSs are currently listed on the NYSE, it is possible that an active public market for the ADSs will not be sustained. Furthermore, the price at which the ADSs trade could be subject to significant fluctuations caused by a wide variety of factors. In addition, the public markets for stock of companies providing wireless telecommunications, technology and Internet services and products have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to the operating performance of such companies. These market and industry factors may materially adversely affect the price of the ADSs, regardless of our operating performance. In the past, securities class action litigation has been instituted against us following periods of volatility in the market price of our securities. This type of litigation initiated against us could result in substantial costs and a diversion of management s attention and resources.

You may not be able to benefit from the United States-Russia double tax treaty.

The Russian tax rules applicable to U.S. holders of the ADSs are characterized by significant uncertainties and by an absence of interpretive guidance. In accordance with Russian legislation, dividends paid

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to a non-resident holder generally will be subject to Russian withholding at a rate of 15.0% for legal entities and organizations and at a rate of 15.0% for individuals and for legal entities and organizations. This tax may be reduced to 5.0% or 10.0% for legal entities and organizations and to 10.0% for individuals under the United States-Russia double tax treaty provided that such non-resident holders are beneficial (actual) owners of dividends.

However, the Russian tax rules applicable to ADS holders are characterized by significant uncertainties. Russian tax authorities have not provided any guidance regarding the treatment of ADS arrangements, and there can be no certainty as to how the Russian tax authorities will ultimately treat those arrangements. In particular, it is unclear whether Russian tax authorities will treat U.S. holders as the beneficial owners of the underlying shares for the purposes of the United States-Russia double tax treaty. In 2006, the Ministry of Finance expressed an opinion that ADS holders (rather than the depositary) should be treated as the beneficial owners of the underlying shares for the purposes of the double tax treaty provisions applicable to taxation of dividend income from the underlying shares, provided that tax residencies of the ADS holders are duly confirmed. However, in the absence of any specific provisions in the Russian tax legislation with respect to the concept of beneficial ownership and taxation of income of beneficial owners, it is unclear how the Russian tax authorities and courts will ultimately treat the ADS holders in this regard. If the Russian tax authorities were not to treat U.S. holders as the beneficial owners of the underlying shares, then the U.S. holders would not be able to benefit from the provisions of the United States-Russia double tax treaty and would consequently face additional tax liability and we would be obliged to withhold tax at standard rates when paying out dividends. See Item 10 Additional Information E. Taxation Russian Tax Considerations for additional information.

We may not pay dividends on our common stock and ADSs, which may make us less attractive to investors.

In March 2007, our board of directors approved our dividend policy. Subject to the constraints and guidelines contained in the dividend policy as well as those under Russian law, the policy contemplates that our 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 our consolidated net income, as determined under U.S. GAAP.

A dividend in the amount of 166.88 Russian rubles per share of our common stock (or approximately US$1.60 per ADS based on the Russian Central Bank exchange rate as of March 28, 2007) for 2006 was approved at our annual general meeting of shareholders on June 29, 2007. A dividend of 270.01 Russian rubles per common share (or approximately US$0.55 per ADS, based on the Russian Central Bank exchange rate as of December 31, 2007) for 2007 was approved at our annual general meeting of shareholders on June 9, 2008. However, in April 2009, our board of directors recommended to the annual general meeting shareholders not to pay dividends on our common stock based on the results for 2008. We cannot assure you that we will pay dividends on our common stock and ADSs in the future and any decision by our company not to pay dividends or to reduce dividend payments in the future could materially adversely affect the value of our common stock or ADSs.

Our ability to pay dividends is limited by Russian law. For example, we are permitted to pay dividends only out of our net profits for the current year as calculated according to Russian accounting standards, which differs significantly from accounting principles generally accepted in the United States, which is the basis of accounting for our audited financial statements included herein. Because we may not pay dividends in the future, your return on an investment in the ADSs will likely depend on your ability to sell the ADSs for a profit. Further, if we pay dividends in the future, our reliance on external sources of financing may increase, and our ability to make capital expenditures, investments and acquisitions could be materially adversely affected.

Holders of our ADSs may be unable to repatriate distributions on the ADSs and distributions are subject to fluctuations in the exchange rate between the Russian ruble and the U.S. dollar.

We anticipate that any dividends we pay in the future on the shares represented by the ADSs will be declared and paid to the depositary in Russian rubles and will be converted into U.S. dollars by the depositary and distributed to holders of ADSs, net of the depositary s fees and expenses. Accordingly, the value of dividends received by holders of ADSs will be subject to fluctuations in the exchange rate between the Russian ruble and the dollar. Furthermore, the ability to convert Russian rubles into U.S. dollars is subject to the availability of U.S. dollars in Russia s currency markets. Although there is an existing, albeit limited, market within Russia for the conversion of Russian rubles into U.S. dollars, including the interbank currency exchange and over-the-counter and currency futures markets, the further development of this market is uncertain. At present, there is no market for the conversion of Russian rubles into foreign currencies outside of Russia.

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ITEM 4. Information on the Company

Overview

We are a telecommunications operator, providing voice and data services through a range of mobile, fixed and broadband technologies. The VimpelCom group of companies includes companies operating in Russia, Kazakhstan, Ukraine, Uzbekistan, Armenia, Tajikistan and Georgia as well as in the Socialist Republic of Vietnam and the Kingdom of Cambodia covering territory with a total population of approximately 340.0 million. With our acquisition of Golden Telecom, a leading provider of fixed-line telecommunications and Internet services in Russia, we have transformed VimpelCom into a leading integrated telecommunications provider in Russia and the CIS.

Our net operating revenues were US$10,116.9 million for the year ended December 31, 2008, compared to US$7,171.1 million for the year ended December 31, 2007. Our operating income was US$2,536.0 million for the year ended December 31, 2008, compared to US$2,206.2 million for the year ended December 31, 2007. Our net income was US$524.3 million for the year ended December 31, 2008, compared to US$1,462.7 million for the year ended December 31, 2007.

As of December 31, 2008, our total number of active mobile subscribers in Russia and the CIS was 61.0 million (including 47.7 million in Russia, 6.3 million in Kazakhstan, 3.6 million in Uzbekistan, 2.1 million in Ukraine, 0.5 million in Armenia, 0.6 million in Tajikistan and 0.2 million in Georgia). As of December 31, 2007, our total number of active mobile subscribers in Russia and the CIS was 51.7 million (including 42.2 million in Russia, 4.6 million in Kazakhstan, 2.1 million in Uzbekistan, 1.9 million in Ukraine, 0.4 million in Armenia, 0.3 million in Tajikistan and 0.1 million in Georgia). As of December 31, 2008, we had approximately 1.2 million residential broadband subscribers.

We currently operate our telecommunications services in Russia, Kazakhstan, Ukraine, Armenia, Tajikistan, Uzbekistan and Georgia primarily under the Beeline brand name. We also intend to operate our mobile telecommunications services in Vietnam and in Cambodia under the Beeline brand name.

History and Development

Our company is an open joint stock company organized under the laws of the Russian Federation with the legal name Open Joint Stock Company Vimpel-Communications. Our company was registered in the Russian Federation on September 15, 1992 as a closed joint stock company and re-registered as an open joint stock company on July 28, 1993. Our registered offices are located at 10 Ulitsa 8-Marta, Building 14, Moscow, Russian Federation 127083. Our telephone number is +7 (495) 725 0700.

In November 1996, we became the first Russian company since 1903 to list shares on the NYSE. Our American Depositary Shares, or ADSs, are traded under the symbol VIP .

In December 1998, Telenor, Norway s leading telecommunications company became a strategic partner in our company. That same year, we became the first major mobile telecommunications services provider in Russia to offer prepaid tariff plans to our subscribers.

To accelerate the development of our company s regional GSM license portfolio, in May 2001, our company signed an agreement with Alfa Group, which purchased strategic ownership interests in our company. Telenor also participated in the transaction.

In April 2003, we launched operations in St. Petersburg and by the end of that year we had 55 regional networks in commercial operation and a total subscriber base in Russia exceeding 10.0 million.

In September 2004, we began to implement our strategic plan to expand our operations into the CIS by acquiring KaR-Tel, a mobile telecommunications services provider with a national GSM license in Kazakhstan. We continued our growth strategy throughout 2005 and 2006 by acquiring 100.0% of URS in Ukraine in November 2005, 60.0% of Limited Liability Company Tacom(Tacom) in Tajikistan in December 2005, 100.0% of each of Bakarie Uzbekistan Telecom Limited Liability Company (Buztel) and Limited Liability Company Unitel (Unitel) in Uzbekistan in January and February 2006, respectively, 51.0% of Limited Liability Company Mobitel (Mobitel) in Georgia in July 2006 and 90.0% of ArmenTel in Armenia in November 2006. In July 2006, we merged Buztel into Unitel. In December 2006, we increased our stake in

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Tacom to 80.0% and in April 2007, we increased our stake in ArmenTel to 100.0%. In April 2007, we entered into an agreement to sell 33.3% of Freevale Enterprises, Inc. (BVI) (Freevale). This transaction was finalized on June 14, 2007, and our effective indirect shareholding in Unitel decreased to 93.0%.

In September 2005, we acquired 89.6% of Closed Joint Stock Company Sakhalin Telecom Mobile, or STM, which holds a GSM-1800 license covering the territory of Sakhalin.

In August 2007, we acquired 100.0% of Closed Joint Stock Company Corporation Severnaya Korona, which we refer to as CSK and which holds GSM-900/1800 and D-AMPS licenses covering the Irkutsk region.

In November 2004 and May 2005, respectively, we completed the mergers of our subsidiaries, Open Joint Stock Company VimpelCom-Region and Open Joint Stock Company KB Impuls into VimpelCom. In April and May 2006, we completed the mergers of the following wholly-owned subsidiaries into VimpelCom: Closed Joint Stock Company Sotovaya Company, Closed Joint Stock Company StavTeleSot, Closed Joint Stock Company Vostok-Zapad Telecom, Open Joint Stock Company Orensot, Open Joint Stock Company Dal Telecom International, Closed Joint Stock Company Extel, and Open Joint Stock Company Beeline-Samara, which we refer to collectively as the Merged Companies. On October 30, 2008, we completed the merger of CSK and Closed Joint Stock Company Karachaevo-CherkesskTeleSot into VimpelCom. On February 6, 2009, we completed the merger of Closed Joint Stock Company Kabardino-Balkarskiy GSM into VimpelCom. We are in the process of re-issuance of the license and have submitted the application for re-issuance.

On January 18, 2008, our indirect wholly-owned subsidiary Lillian Acquisition, Inc. (Lillian) commenced a tender offer to purchase, at a price of $105.0 per share in cash, any and all outstanding shares of Golden Telecom s common stock, on the terms and subject to the conditions specified in an offer to purchase dated January 18, 2008. Upon the closing of the initial offer period and the subsequent offer period on February 26, 2008, Golden Telecom shareholders had tendered over 94.0% of the outstanding shares of Golden Telecom. On February 28, 2008, Lillian was merged with and into Golden Telecom, with Golden Telecom continuing as the surviving corporation. As a result of the merger, Golden Telecom became our indirect wholly-owned subsidiary.

In June 2008, we completed our acquisition of 49.0% of Closed Joint Stock Company Investelectrosvyaz (hereinafter Corbina Telecom) operating under trade mark Corbina from Inure Enterprises Ltd. for approximately US$404.0 million. Corbina Telecom owns a fibre-optic network which provides FTTB broadband Internet services in Russia. As a result of this acquisition, together with our subsidiary Sovintel we own 100.0% of the shares of Corbina Telecom.

In July 2008, we acquired a 90.0% stake in Sotelco, a company holding a GSM 900/1800 license and related frequencies in Cambodia, for US$28.0 million. We also acquired a call option to purchase the remaining 10.0% stake for market value at the exercise date.

Also in July 2008, we signed an agreement with Global Telecommunications Corporation, which we refer to as GTEL, a Vietnamese state-owned enterprise, and its subsidiary GTEL Technical Service and Commercial Joint Stock Company (GTEL TSC) to establish a joint venture company, GTEL-Mobile Joint Stock Company, or GTEL-Mobile, in which we received a 40.0% interest for US$267.0 million. In September 2008, GTEL-Mobile received a GSM 1800 license and frequencies.

On October 23, 2008, we acquired 49.9% of Morefront Holdings Ltd. (Morefront), which owns 100.0% of Euroset, which we refer to as Euroset, the leading mobile handset retailer and dealer for major mobile network operators in Russia, for US$226.0 million. We have agreed on put and call arrangements, exercisable after three years, with respect to a further 25.0% of Morefront Holdings Ltd. shares. This acquisition allowed us to significantly enhance our distribution capabilities.

For more information on our recent acquisitions, see the Item 5 Operating and Financial Review and Prospects Liquidity and Capital Resources Investing Activities.

Our investing activities included capital expenditures on the purchase of equipment, telephone line capacity, frequency allocations, buildings and other assets as a part of the ongoing development of our mobile networks and acquisitions of businesses. In 2006, 2007 and 2008, we paid approximately US$1,607.2 million, US$1,690.7 million and US$2,444.7 million, respectively, for the purchase of equipment, intangible assets, software and other non-current assets. In 2006, we paid approximately US$679.8 million for the acquisition of new entities (net of cash holdings of acquired companies), including Unitel, Buztel, Mobitel and ArmenTel. In

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2007, we paid approximately US$301.3 million for the acquisition of new entities (net of cash holdings of acquired companies), including CSK, Limited Liability Partnership Teta Telecom (Teta Telecom) and our acquisition of the 10.0% interest in ArmenTel that we did not already own. In 2008 we paid approximately US$ 4,134.7 million for the acquision of the new entities (net of cash holdings of acquired companies) including Golden Telecom, Corbina Telecom, Morefront Holdings Ltd, GTEL-Mobile, Sotelco Ltd and acquiring an additional 25.0% less one share of Limnotex Developments Limited. Our capital expenditures in 2009 will mainly consist of maintenance expenditures, with the exception of the rollout of the network in Cambodia and necessary investments to meet 3G license capital requirements in Russia. The actual amount of our capital expenditures for 2009 will depend on market development and our performance. For more information on our principal capital investments and investing activities, including acquisitions and divestitures of interests in other companies, and method of financing, see the sections of this Annual Report on Form 20-F/A entitled Item 5 Operating and Financial Review and Prospects Mergers and Recently Completed Acquisitions, Item 5 Operating and Financial Review and Prospects Liquidity and Capital Resources Investing Activities and Item 5 Operating an Financial Review and Prospects Liquidity and Capital Resources Future liquidity and capital requirements.