VimpelCom

Focusing Locally • Empowering People • Connecting Globally

THE FUTURE IS NOW

Annual Report 2014

DIGITAL IS NOW

WIND Italy introduces Digital Home & Life

An evolution of WIND's business, Digital Home & Life is an innovative concept to support new offerings and customer relationships by bringing the "Internet of Things" to the WIND customer through a range of retail displays with Internet-enabled consumer offerings.

The Digital Home & Life offering includes a selection of products to fully engage customers with their passions, enhance the value of their free time, improve their lifestyles and stay connected to those they love.

Digital Home & Life has four categories:

- **Smartwatch:** to readily access frequented information;
- **Wellness:** to monitor health and manage fitness activities;
- **Music:** to enjoy your favorite soundtrack anytime, anywhere; and
- **Smart Home:** to have the latest hi-tech accessories for home automation.

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DIGITAL
HOME&LIFE
MUSIC
SMARTWATCH
WELLNESS
SMART HOME
WIND
Più vicini.
WATCH

DATA IS NOW

Algeria, Pakistan and Bangladesh successfully launch 3G

Djezzy launched 3G services in Algeria in July 2014 and has expanded services to 21 provinces across the country by the end of February 2015, including Algiers. Following the launch of various commercial bundles and handset promotions, data users grew 72% and mobile data revenue doubled year-over-year. In Pakistan, Mobilink launched 3G services in 31 cities and was the first operator to achieve 2 million 3G customers in the country. Banglalink launched 3G services in October 2013. At the end of 2014 Banglalink had the widest 3G network coverage in the country.

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Connection
update
3G
GOOD
Champion's Package

INTERACTION IS NOW

Beeline Kazakhstan continuously improves customer experience

The Virtual Assistant was launched to handle online inquiries through the Beeline Kazakhstan website. Using semantic analysis, the assistant receives a question or comment from a customer, attempts to recognize the main idea in the customer's entry, and then chooses one of thousands of answer templates available within the system. The Virtual Assistant also offers the ability to provide a certain level of continuous, 24/7 support to customers, and serves as the front line before more complex inquiries are passed on to the live chat line. In launching the Virtual Assistant, Beeline Kazakhstan became the first local operator to use artificial intelligence in delivering and enhancing customer support service.

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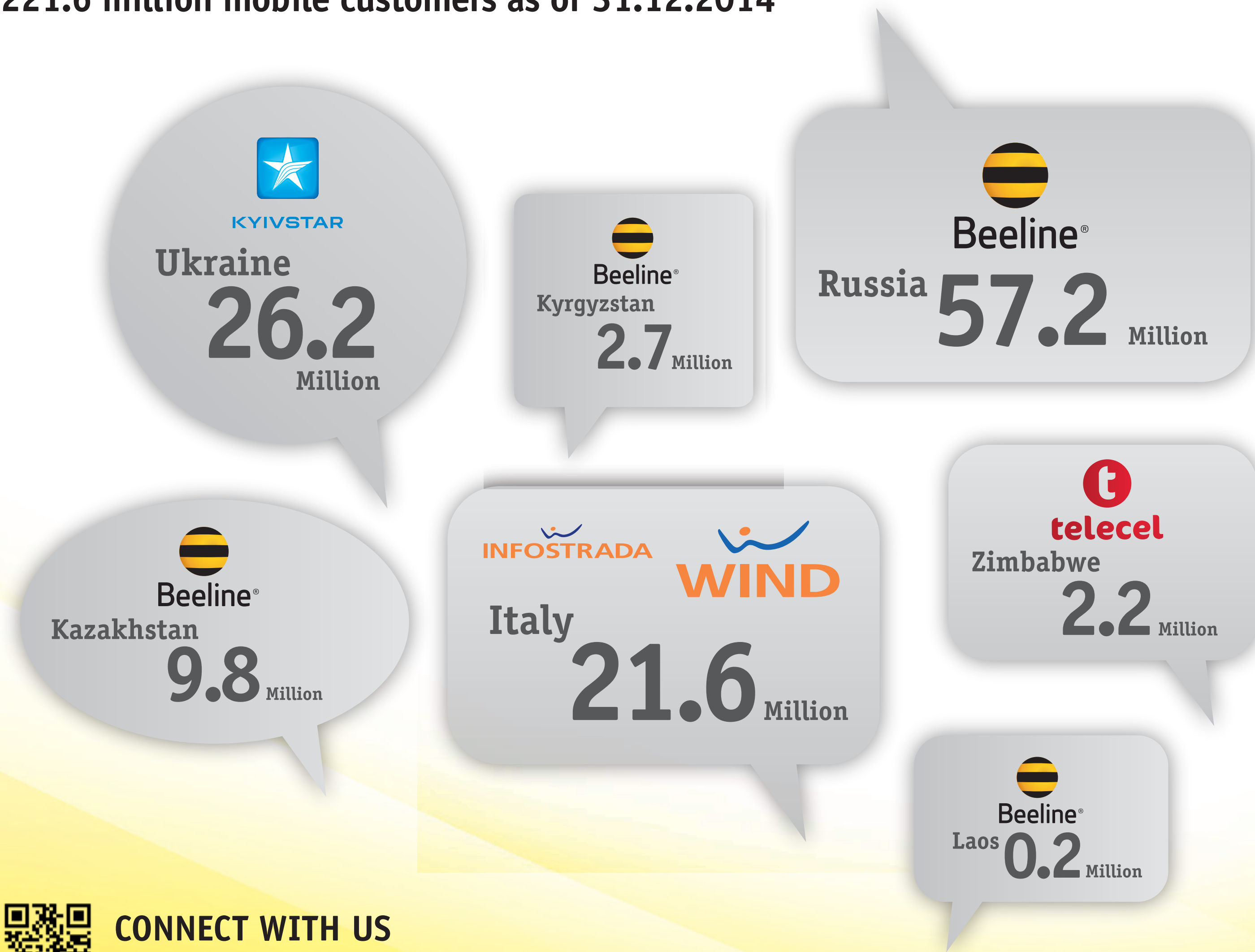
GLOBALIZATION IS NOW

221.6 million mobile customers as of 31.12.2014



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To achieve our mission, we have instituted a decentralized model based on our fundamental belief that all our business is local. We have empowered our people to delight our customers locally, and we are achieving success through our local brands and expertise, while supporting our broader goals in each individual market.

8
brands

740m
population coverage

No.7
mobile provider in the world (in terms of customers)

banglalink
Bangladesh
30.8 Million

Beeline
Uzbekistan
10.6 Million

Beeline
Tajikistan
1.3 Million

Beeline
Georgia
1.3 Million

Beeline
Armenia
0.8 Million

Mobilink
Pakistan
38.5 Million

DJEZZY جازي
Algeria
18.4 Million

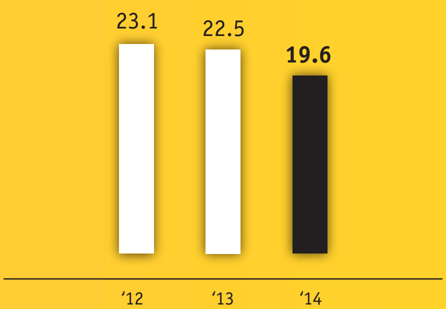
2014 Financial and operating highlights

- Revenue of USD 19.6 billion declined organically 4% YoY, in-line with 2014 target
- EBITDA of USD 8.0 billion declined organically 6% YoY, in-line with 2014 target
- Solid EBITDA margin of 40.6%
- CAPEX[3] to revenue of 20%
- Net cash from operating activities of USD 5.3 billion

Total revenue ($US bln)

$19.6b

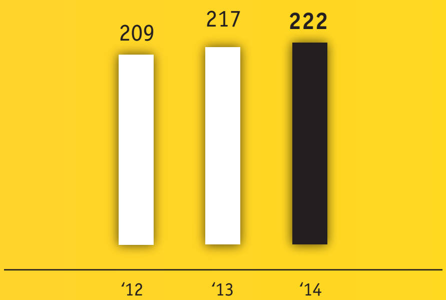
(-4% organic[1])



Total mobile customers[2] (mln)

222m

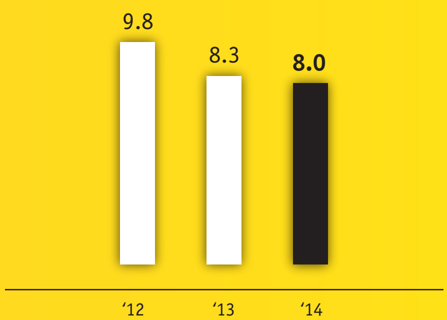
(+5mln)



EBITDA ($US bln)

$8.0b

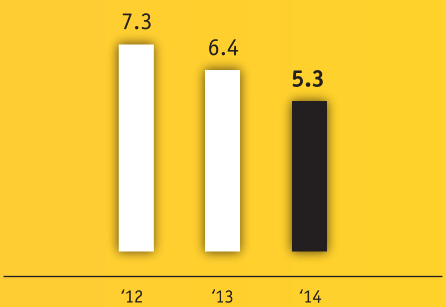
(-6% organic[1])



Net cash from operating activities ($US bln)

$5.3b

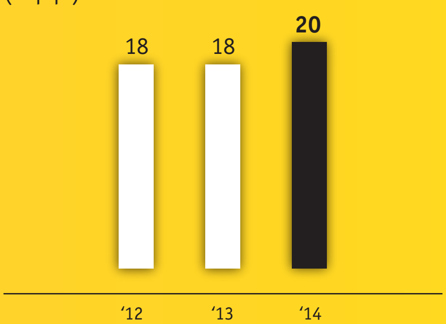
(-17% reported)



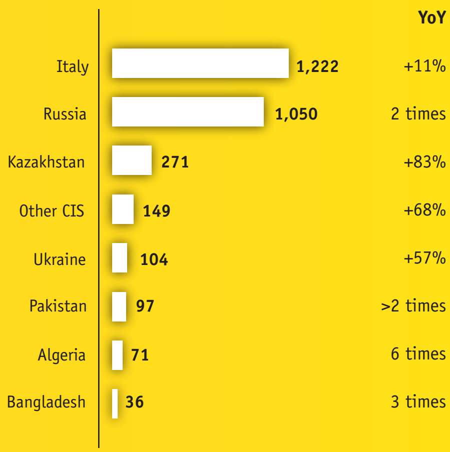
CAPEX[3] to revenue

20%

(+2p.p.)



Data usage in 2014 (average MB/user)



1 Revenue and EBITDA organic percentages are non-GAAP financial measures that exclude the effect of foreign currency translation, certain items such as liquidations and disposals and settlements as a result of closing of transaction in Algeria.

2 Customer number adjusted for disposals.

3 CAPEX excluding licenses.

VimpelCom is one of the world's largest integrated telecommunications services operators providing voice and data services through a range of traditional and broadband mobile and fixed technologies in 14 countries, covering territory with a total population of approximately 740 million people.

The Company's management and reporting structure is divided into five Business Units – Russia, Italy, Africa & Asia, Ukraine and the Commonwealth of Independent States (CIS) – all of which report to VimpelCom's headquarters in Amsterdam. VimpelCom is traded on the NASDAQ Global Select Market under the symbol "VIP".

With annual 2014 revenue of USD 19.6 billion, EBITDA of USD 8.0 billion, and a mobile customer base of 222 million, we are one of the largest telecommunications companies in the industry and have established the scale for successful performance and development of our group of companies going forward.

In this report

For more information, visit our website
www.vimpelcom.com

SHAPING THE FUTURE OF TELECOMS

Jo Lunder (left)
Alexey Reznikovich (right)

Dear stakeholder,

2014 was a pivotal year for VimpelCom and one of great progress, setting the stage for a brand new chapter in the Company's development. As we look to the future, our focus remains on connecting more people in more ways than ever before.

As one of the world's largest telecoms service providers, VimpelCom operates in an ever-evolving environment where new technologies continue to transform how consumers, companies and communities connect. This constant change is what drives VimpelCom to shape the future of our industry every day and it is also the foundation of the important decisions that we made and actions that we took in 2014.

We entered 2014 with a number of critical objectives required to lay the foundation for VimpelCom's future. In order to deliver on the promise of our Company and position ourselves to capture the growth from mobile data, we needed to strengthen our leadership positions in customer experience in our respective markets and ensure that we had modern high-speed networks in all of our markets to deliver the latest in services shaping how our customers are using mobile every day. We are pleased to say definitively that we delivered on these objectives and the results speak for themselves.

During the year, we made substantial investments in the roll out of high-speed data networks, spending 20% of our full year 2014 revenue. In all of our markets, we either have delivered on this important strategic imperative or are poised to do so during 2015. These investments have already borne fruit as we now lead in customer experience in five of our markets, co-lead in two, and we are seeing substantial improvement in other markets as measured by the Net Promoter Score ('NPS') methodology. As a result, our customer base grew by nearly 5 million, reaching almost 222 million in total. We accomplished all of this even though we faced challenging environments in many of the markets in which we operate.

One example of a successful resolution to a difficult situation was in Algeria where, through the establishment of a long-term relationship with the Algerian National Investment Fund (the 'FNI'), we resolved the longstanding issue with the Algerian Government and created a private-public ownership structure for Djezzy. With this new ownership structure, Djezzy, the leader in Algeria, is positioned to better capture the growth in this attractive market. We have started a transformation program in Algeria, to ensure we can offer customers high quality mobile services and the best digital experience. The resolution in Algeria also released significant cash amounts to VimpelCom, which we are using to pay down debt.

Improving our financial position was another area where we made great strides in 2014. As part of our concerted efforts to improve our debt profile, we executed some USD 21 billion in financing activities in 2014, leading to a lower cost of debt, an improved maturity profile and enhanced liquidity. Excluding our strong, non-recourse, self-financing business in Italy, our net borrowings amounted to USD 6.7 billion, representing a net debt to EBITDA ratio of 1.2 times.

We are pleased with the continued progress that we have made in establishing a more coordinated and strengthened risk management and compliance framework, adding resources, training and awareness initiatives to the program. This will remain a key focus as we regard it as a critical part of our future development and a particular focus of our senior management team.

We delivered on our strategic and operational objectives, as well as on our financial targets, despite a number of different macroeconomic and regulatory headwinds across our markets. Currency, particularly the deterioration of the ruble and the hryvnia, impacted our financial performance in the latter part of 2014. We experienced regulatory and governmental measures, unstable macroeconomic environments and market slowdowns in some of our markets.

Despite these factors, revenue of USD 19.6 billion in 2014 was down only 4% organically and EBITDA of USD 8.0 billion only declined 6% organically year-over-year. VimpelCom also maintained one of the highest EBITDA margins in the industry as a result of cost controls and the benefits of global procurement.

In 2014, 69% of our revenue, or almost USD 13.5 billion, was generated in emerging markets. These regions serve as a growth platform for the Company, generating nearly USD 5.7 billion in EBITDA and USD 2.9 billion in operating cash flow for the year. As high-growth, high-demand markets, these countries offer us an opportunity to launch mobile data and further establish ourselves as the leading provider of premier services. We have made and continue to make the investments needed to secure the framework needed to roll out and mature our offerings for these attractive markets.

Looking at 2015, our focus will continue to be on improving customer experience and further increasing NPS in our various markets. Our investments in high-speed data networks will continue in many markets, as will our efforts to deliver innovative new services to our customers. At the same time, we will invest in digital distribution and services, anticipating increased demand for such services as mobile financial services or smart home. We will maintain our relentless focus on ensuring efficiency in our investments and operating costs. We will also seek further consolidation opportunities, such as our network sharing agreement in Russia and the tower sale agreement in Italy serving as examples of new ways of thinking where we are leading the shaping of the future of telecommunications. We do expect the operating environment to remain difficult in 2015. However, we are confident that we have the right strategy and the right foundation in place to drive value for our shareholders going forward.

Our future will be defined by VimpelCom being at the forefront of the important opportunities and challenges facing our industry, as well as the global 'mega-trends' that are transforming the world of telecommunications and technology. Our future is now!

Alexey Reznikovich
Chairman of the
Supervisory Board

Jo Lunder
Chief Executive Officer
until 13 April 2015

Jean-Yves Charlier

VimpelCom's foundation is strong, positioning our company for a bright and exciting future. We have an attractive portfolio of market-leading businesses across three continents and a growing base of 222 million customers who we proudly serve with innovative technologies and services.

Telecommunications is fast changing, particularly in the digital age, and this represents new opportunities for VimpelCom. We are ready to seize on opportunities to expand our business as the 7th largest integrated telecommunications company in the world.

We are taking deliberate measures to ensure that our businesses are strong and well-positioned to grow in the future by:

- Focusing on growing our customer base, particularly in emerging markets
- Launching new and innovative services such as in Mobile Financial Services
- Investing in our extensive networks, particularly in high-speed data
- Simplifying how we deliver our services while maintaining our standards of excellence
- Managing our businesses in a cost efficient manner

The rise of the digital world offers new opportunities. At VimpelCom, we intend to leverage these to our advantage to drive change, strengthen our engagement with our customers and deliver operational efficiencies. We are seizing these opportunities for the benefit of all of our stakeholders.

Jean-Yves Charlier
Chief Executive Officer effective 13 April 2015

OUR STRATEGY ENABLES US TO CREATE VALUE FOR OUR STAKEHOLDERS

VimpelCom's strategy focuses on customer excellence, capital efficiency, operating excellence and profitable growth. Our businesses combine mature, strong cash-generating companies with emerging growth opportunities in a number of regions.

We combine strong positions in mobile businesses with a selective presence in fixed-line, which we expect will further support our growth strategy as mobile services continue to expand across our markets.

We seek to capture profitable growth especially in mobile data, but also in fixed-line data and mobile voice, by tailoring our strategy in each individual market according to its local characteristics.

We believe that customers will increasingly rely on mobile broadband as the primary means of accessing the Internet and other data services and, in the medium term, the principal technology for such access will be 4G/LTE in Russia, Italy and Georgia, and 3G in other markets in which we operate. As such, our strategy is primarily mobile-based and we seek to prioritize resources and investment allocation to mobile broadband capacity and coverage. In particular, our focus will be on capturing growth in mobile data services by moving away from unlimited plans to tiered pricing, rationally managing traffic and differentiating our services through more sophisticated offerings.

This broader view of the business provides the basis for our strategy, which is based on local empowerment and starts with the Company's 222 million mobile customers and 56 thousand employees as of December 31, 2014. Our focus remains on delivering excellence to our customers. We have created a passionate, performance-oriented culture with a key focus on operations and execution at the Business Unit level. At the Group level, we remain a lean organization focused on value creation through performance management, portfolio management, financial structure optimization, and shared services, such as roaming and procurement.

Strategy

Our strategy has the following main pillars supported by clear operational strategies executed within each of our Business Units.

- Customer Excellence. We are committed to creating a superior customer experience, optimizing distribution and developing superior pricing capabilities, while continuously modernizing our networks. We undertake a systematic effort involving dedicated analytics and research to continuously optimize the customer experience and drive superior pricing through integrated mobile bundles that combine traditional voice with SMS and, most importantly, data. This will provide value to the customer while at the same time protecting our revenue stream from cannibalization among various services, such as SMS and instant messaging ('IM'). In order to optimize our distribution, we focus on the most efficient channels in each market. We expect these actions to reduce churn and limit our retention and commercial costs. We see improvements in our customer loyalty as measured by the Net Promoter Score ('NPS').
- Profitable Growth. We aim to drive revenue growth that leads to higher profitability by focusing on gaining share in mobile data revenue and capitalizing on areas such as mobile financial services and partnerships with over-the-top players, while limiting cost of traffic. We seek to increase mobile data revenue by driving smartphone and tablet penetration through strong local distribution. We will also continue to introduce value-based commissioning, promoting tiered pricing for speed and time of data, partnering with Internet players and improving network quality. We believe effective deployment of integrated bundles will allow us to monetize the strong growth in mobile data.
- Operational Excellence. Operational excellence and cost management represents a Group-wide strategy, and we seek to implement this strategy at all levels of the organization with a continuous improvement culture across our businesses.
- Capital Efficiency. Our goal is to ultimately reduce the ratio of our capital expenditure to revenue over time by deploying capital more efficiently through increased network sharing, continued business portfolio optimization and capital structure optimization. An important element of this strategy is network outsourcing and sharing in order to improve network utilization and quality. We also have a centrally led procurement model that provides advantages both at the Group and local level. Further, we have implemented a systematic approach to optimizing our capital structure.

Types of businesses

Our business broadly comprises three types of businesses grouped according to their stages of development:

- Our emerging markets: Russia, Ukraine, CIS, Bangladesh, Pakistan and Algeria. These markets each have significant growth potential for mobile data and in Bangladesh, Pakistan, Algeria and CIS have a large potential for customer base growth and high revenue growth from relatively low penetration. In these markets, we will seek to leverage our Group knowledge and experience to capture this growth.
- Our mature market: Italy. In this market we are focused on sustaining strong cash flow generation and on deleveraging. The market is highly penetrated, but has potential for broadband growth in mobile. Our Italian business is strong and fully self-financing, with debt being non-recourse to the rest of the VimpelCom Group.
- Our remaining asset portfolio: In 2014, we sold our interest in WIND Canada and our interest in Telecel Globe Limited, which owned 100% of each of U-COM in Burundi and Telecel CAR in Central African Republic.

Our objectives

Within our Group's priorities, we pursue the following specific objectives:

- Drive value in the mature voice business in our core markets.
  - We recognize that in our industry prices of the traditional products and services that we provide are generally falling over time, despite price elasticity being significantly below one. In contrast, the costs of delivering these products and services experience significant inflationary pressure. To address this imbalance, we continuously focus on cost efficiency, especially on optimizing business support costs. We also strive to design our go-to-market actions thoughtfully, with the dual ambition of ensuring that we remain a highly attractive choice for consumers at all times, while at the same time promoting responsible industry conduct.
  - We also see that the telecommunications market is highly heterogeneous, consisting of a significant number of sub-segments with partially unique needs. Therefore, we selectively seek to capture opportunities in the B2C (consumer) and B2B (business) sub-segments, especially in those areas where we can leverage the fact that we have both fixed-line and mobile assets, or where our international footprint can be a source of competitive advantage.
  - We believe that the shift away from the traditional mobile voice- and SMS-centric world and towards a data-centric world is fundamental. We therefore carefully scrutinize any investment in legacy infrastructure that does not also support our data business, while ensuring that we remain able to deliver a set of core traditional telephone services that fully meet customer expectations.
- Emerge as leader from the transition to a mobile data-centric world.
  - We believe that the move towards a data-centric world is the single biggest industry change that our core mobile business has experienced so far. We also see that a key success factor over the coming few years for any telecommunications operator with a significant mobile business will be to manage pricing of mobile data well and to be able to monetize the growth in mobile data traffic. We therefore spend considerable time and effort to ensure that we offer a proactive and customer-centric transition from legacy voice pricing to data-centric pricing with bundled tariff plans, with the ambition to retain and ultimately grow ARPU.
  - We see that mobile data offerings are already becoming a significant operator decision parameter for certain customer segments, and we expect this trend to broaden further. To ensure that we are the natural consumer choice in the data-centric world, we aim to provide the best "value-for-money" data product portfolio while staying highly price-competitive at all times.
  - We recognize that a mobile data network is more complex to manage than a voice network and that the optimization potential in a data network is significant. We therefore pursue cost efficiency in technology investments, including traffic management and offloading of traffic as well as content compression.
  - At the same time, we will invest in digital distribution and services anticipating increased demand for such services as mobile financial services or smart home.
- Efficiently invest and grow high quality networks to support increasing demand for mobile data.
  - In 2014, we spent USD 3.9 billion, or 20% of revenue, on investments in our infrastructure across all our regions resulting in an improved market position in mobile data. Our strategy is focused on continued investments in 3G and 4G/LTE to capture growth in mobile data traffic. We plan to continue to invest in all our high-speed data networks in 2015.
  - We entered into an agreement with MTS for joint planning, development and operation of 4G/LTE networks in 36 regions of Russia. Under the terms of the agreement, between 2014 and 2016 MTS will build and operate 4G/LTE base stations in 19 regions and VimpelCom will build and operate 4G/LTE base stations in 17 regions of Russia. Within the first seven years of the project, VimpelCom Russia and MTS plan to share base stations, platforms, infrastructure and resources of the transportation network, with each operator maintaining its own core network.

The VimpelCom way

Passionate	Professional	Leadership
We are passionate to achieve by being committed to delivering exceptional VimpelCom results	We are admired for the way we delight our customers and for our reputation in operational excellence	We lead by example with a focus on execution and empowering our people to perform to the highest level

SHARING VALUE BUILDING TRUST

At VimpelCom, we are committed to acting responsibly in each of the markets which we serve.

Context

Our approach to corporate responsibility ('CR') is shaped by a number of factors. These include:

- the socio-economic context of the markets where we operate – which is highly variable across our geographical footprint;
- global issues and trends such as the growing focus on privacy in the digital environment;
- the views of our key stakeholders, such as customers, investors, host governments, employees and civil society.

Some issues are longer term in nature but could carry significant risks for the business. For example, climate change is predicted to cause sea level rises which would significantly impact countries such as Bangladesh. Other issues are very immediate, such as responding to natural disasters in Pakistan, or maintaining operations, wherever possible, through the conflict in Ukraine.

Our commercial strategy, business activities and value chain interact with these external factors and create both challenges and opportunities that need to be identified, prioritized and managed.

Strategy

Our corporate responsibility strategy aims to manage the issues that arise through the factors above (e.g. environmental, socio-economic or human rights) and identify new business opportunities, to support delivery of our business objectives. The strategy has two main elements:

- Risk Management – three strands of activity: i) ensuring consistent standards of responsible behavior, ii) open and transparent engagement and iii) participation in global initiatives (such as the United Nations Global Compact);
- Sharing Value – four strands of activity: iv) environmental efficiency and carbon emission management in our operations, v) community engagement through philanthropy and employee volunteering, vi) developing mobile value added services in areas of societal challenge (e.g. health, education, agriculture, financial services) and vii) Make Your Mark, a flagship Group-wide program which seeks to empower young people to make a positive difference through increased access to education and through inspiring social entrepreneurship, particularly in the digital arena.

This strategy was launched during 2014 and is being implemented across the business.

How we manage corporate responsibility

Many of the CR issues are local in nature and, consistent with our decentralized approach, we seek the right balance between local management of CR and central coordination, performance monitoring and policy-setting. The HQ CR team helps to coordinate activities and manages our external reporting. There are CR 'points of contact' in all markets.

We have developed a Code of Conduct for employees which is relevant across the whole business and a number of BUs have developed management systems to address particular issues (e.g. environmental management, social accountability and health and safety). During the year, we engaged employees and senior leaders in the development of a set of Business Principles, which provide a concise summary of our main aims in our CR approach. Our Business Principles are:

1. We transform lives through innovative mobile applications with social, economic and environmental benefits;
2. We are honest with our customers and protect their privacy;
3. We act to ensure we respect human rights;
4. We do business in an ethical way, with no tolerance of bribery or corruption;
5. We are open and transparent with all our stakeholders;
6. We minimize the environmental impact of our operations, the products and services we sell, and our supply chain; and
7. We support community projects and encourage employees to get involved.

We will publish a detailed Group CR Report (our third report), covering the 2014 financial year, later in 2015. A growing number of our businesses are publishing their own reports to address the needs of local stakeholders including our Russia BU, which published its first report towards the end of 2014.

We are integrating CR into our mainstream governance processes and CR-related risks and uncertainties are considered as part of our overall approach to enterprise risk management.

Main issues

In 2013, we conducted a project to assess the materiality (as defined in the Global Reporting Initiative v4.0 Guidelines) of the issues we had identified, building on work conducted within the ICT sector over several years. We assess materiality on the basis of relevance to our business strategy, and perceived importance to stakeholders – consulting across our business and with external experts. We refreshed this assessment early in 2014 based on two factors: the results of a major new materiality assessment commissioned by GeSI in 2014, and significant events that have occurred in the intervening period. As a result of this refreshed assessment, the following issues were considered to have become of greater relevance to the business: privacy and freedom of expression; anti-bribery and anti-corruption; and supply chain social and environmental standards. In addition, we have added a new issue, Talent Acquisition, Retention, Development and Reduction to the updated materiality matrix. The conflict in Ukraine also raised several CR-related issues.

Based on this exercise, our most material issues can be summarized into the following categories:

- Service provision and accessibility – ensuring delivery of a good quality, reliable service that is available across a broad range of the population, is affordable for some of the poorest in society, and usable by those with poor eyesight, hearing, dexterity or other issues;
- Customer relations – marketing our services in a clear and understandable way, providing value for money and supporting customers when they have problems;
- Ethical behavior – how we build an ethical culture with no tolerance of bribery and corruption;
- Socio-economic contribution – our contribution to society through employment, procurement and tax payments, but also deployment of services that help address specific challenges (for example in health, education, agriculture, financial services);
- Internet and technology issues – ensuring the privacy of our customers and their data, protecting our customers (particularly children) from online risks such as fraud, illegal and inappropriate content, and our relationship with government on the issue of data access and service blocking;
- Labor and other human rights issues, including health & safety – for our own operations and in our supply chain;
- The environment – particularly the energy consumption and carbon footprint of our own operations.

Progress in the year

In 2014, we continued to implement our new strategy and the following are some significant milestones:

- Ethical behavior – we continued to strengthen our system of governance, policies and procedures focused on anti-bribery and anti-corruption, with a particular emphasis on extensive training across the business. In 2014, for example, more than 7,300 employees worldwide have attended face-to-face Code of Conduct training sessions, or completed e-learning modules, and a further 800 were trained in relation to updated company policies and the US Foreign Corrupt Practices Act;
- Governance – CR is now a semi-annual item on the agenda of the Management Board and an annual update to the Nominating and Corporate Governance Committee of the Supervisory Board. Our new Business Principles were approved in October 2014;
- Make Your Mark – we launched our CR 'flagship' program, called Make Your Mark. The program focuses on 'helping young people shape their future' and aims to leverage our technology, commercial expertise, international contacts and resources to improve the life chances of young people through education and building entrepreneurial skills and opportunities;
- Reporting – our 2014 CR Report is in accordance with the core requirements of the Global Reporting Initiative version 4.0 guidelines;
- Engagement – we remain signed up to the Principles of the United Nations Global Compact, and a member of the Global e-Sustainability Initiative ('GeSI'). Within GeSI we were active members of the Materiality and Human Rights Working Groups;
- Supply chain – we are finalizing a Supplier Code of Conduct and continuing to develop an ethical procurement process. We have piloted a supplier assessment system with our global strategic suppliers;
- Privacy – we carried out a review across the businesses of current practices relating to data protection and privacy, against best practice, and the strictest regulatory, standards. We launched a new Customer Data Governance Policy in early 2015; and
- Health & safety – we carried out a review of current practices at market level and have finalized a new Group-wide policy.

As well as initiating new programs, the businesses have continued to focus on being resource efficient. We continue to implement approaches such as free-cooling, hybrid battery-diesel generator solutions and renewable energy technologies.

In November, VimpelCom announced its support of Child Helpline International, committing to provide a free helpline for vulnerable children in all our markets within 12 months of the announcement.

In addition, several markets have developed innovative mobile-based services which address some important challenges in the societies where we operate. Some examples of these projects include:

- Mobilink (Pakistan) – providing literacy lessons for women in rural areas, reinforcing classroom lessons with SMS-based exercises. In 2014, this programme maintained its high profile by winning a prestigious 'Ethical Corporation' Award;
- WIND (Italy) – provides a virtual small business accelerator. The 'WIND Business Factor' initiative has a large community of users, and generates many new business ideas;
- Banglalink (Bangladesh) – continues to deliver a suite of mobile-enabled services for smallholder farmers in a country where a significant proportion of the population is involved in agriculture. These services include SMS-based advice and information, an agricultural advice call center and a voice-based mobile market place for produce; and
- Kyivstar (Ukraine) – in a country where some elements of the population find it difficult to access the best healthcare, Kyivstar has launched a series of mHealth applications. These include apps to support pregnant women, young mothers and those with concerns over their eyesight, as well as a new First Aid app.

VimpelCom's CR strategy is in its early stages of implementation but in 2014 we continued to build momentum.

The details of the activities in which we are engaged have been collated into a separate Corporate Responsibility Report, which can be obtained from cr@vimpelcom.com or downloaded from our website.

A PIONEERING SPIRIT

Dr. Dmitry B. Zimin (left)
Augie K. Fabela II (right)

Our founders, Dr. Dmitri B. Zimin, a Russian scientist, and Augie K. Fabela II, an American entrepreneur, established VimpelCom in 1992 with a vision to bring wireless communications to Russia.

These two pioneers also inspired the Company's transparency, strong corporate governance, quality, and innovation – characteristics that define VimpelCom's pioneering spirit today. Mr. Fabela also created Beeline, a leading telecom brand and trademark.

Dr. Zimin and Mr. Fabela led VimpelCom from its founding until its historic step of becoming the first Russian company to list on the New York Stock Exchange in 1996. With the listing, Mr. Fabela also became the youngest Chairman of an NYSE listed company.

In 2002, Mr. Fabela was named Chairman Emeritus, and remained active as an advisor to the management team and the Supervisory Board on corporate governance and strategy. As the Company entered a new phase of development following the combination with WIND Telecom in 2011, Mr. Fabela was elected Chairman of the Supervisory Board of VimpelCom, bringing with him a wealth of leadership experience during this time of transformation and growth. In 2012, Mr. Fabela was again named Chairman Emeritus and continues to serve in an active strategic role for the Company.

With the support of Mr. Fabela, VimpelCom transferred its stock market listing to the NASDAQ Global Select Market in 2013 and the Company was included in the NASDAQ-100 Index, marking another significant development of the Company.

In 2014, Mr. Fabela was a key participant in the process that led to the new private-public ownership structure for Djezzy in Algeria with the Algerian government, opening new growth opportunities for this leading brand.

COMMITTED TO THE HIGHEST GLOBAL STANDARDS

Throughout its history, VimpelCom has been committed to delivering high standards of Corporate Governance – a commitment that remains firmly in place today.

VimpelCom is a public company listed on the NASDAQ, complying with all of the applicable listing and disclosure requirements as a foreign private issuer. The Company is committed to transparency regarding material developments in the Company or affecting its securities, in line with best practices. Additionally, VimpelCom also complies with the applicable SEC reporting requirements. These include filing of an annual report on Form 20-F each year with audited consolidated financials.

VimpelCom's Corporate Governance system gives its Supervisory Board authority for strategic decisions for the Group. The Corporate Governance "authority matrix" (contained in the Company bye-laws) requires that the Supervisory Board approve important matters, including, among others, the Group's annual budget and audited accounts, organizational or reporting changes to management structure, significant transactions, as well as changes to share capital and other significant actions.

Shareholder approval policies and procedures are also in line with applicable requirements. All Supervisory Board members are elected by our shareholders through cumulative voting. Each voting share confers on its holder a number of votes equal to the number of directors to be elected. The holder may cast those votes for candidates in any proportion, including casting all votes for one candidate.

Committees of the Supervisory Board

Committees of the Supervisory Board

The Supervisory Board has a number of committees, which remain informed on, and make recommendations to the Supervisory Board regarding, matters within their respective mandates. Committees consist only of Supervisory Board members.

- **Finance and Strategy Committee**
- **Nominating and Corporate Governance Committee**
- **Compensation Committee**
- **Audit Committee**
- **Business Review Committee**

For more information, visit our website
www.vimpelcom.com

A BOARD COMMITTED TO DELIVER

From left to right

Trond Ø Westlie
Member of the Supervisory Board

Kjell Morten Johnsen
Member of the Supervisory Board

Andrei Gusev
Member of the Supervisory Board

Gennady Gazin
Member of the Supervisory Board

Mikhail M. Fridman
Member of the Supervisory Board

Alexey M. Reznikovich
Chairman of the Supervisory Board

Sir Julian Horn-Smith
Member of the Supervisory Board

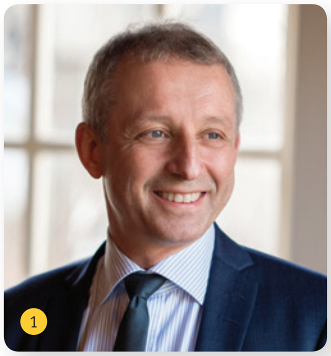
Ole Bjorn Sjulstad
Member of the Supervisory Board

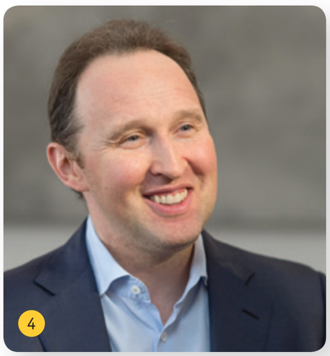
Morten Karlsen Sørby
Member of the Supervisory Board

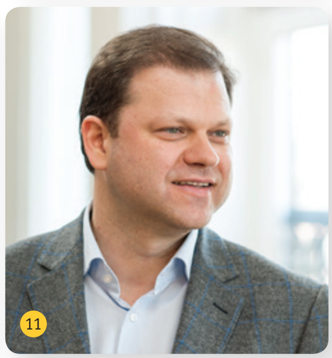
Augie K. Fabela II
Co-Founder, Chairman Emeritus

To read biographies of our Supervisory Board members, visit our website **www.vimpelcom.com/Profile/Leadership/Supervisory-board/**

LEADERSHIP FOR THE FUTURE







1 Jo Lunder
Chief Executive Officer – Until April 13, 2015

2 Jean-Yves Charlier
Chief Executive Officer – Effective April 13, 2015

3 Andrew Davies
Chief Financial Officer

4 Mikhail Slobodin
Head of Russia

5 Maximo Ibarra
Head of Italy

6 Vincenzo Nesci
Head of Africa & Asia

7 Peter Chernyshov
Head of Ukraine

8 Andrey Patoka
Head of the CIS

9 Jeffrey Hedberg
Head of Pakistan

10 Ziad Shatara
Head of Bangladesh

11 Taras Parkhomenko
Head of Kazakhstan

12 Anton Kudryashov
Group Chief Strategy and Portfolio Officer

13 Yogesh Malik
Group Chief Technology Officer

14 Jeremy Roffe-Vidal
Group Chief Human Resources Officer

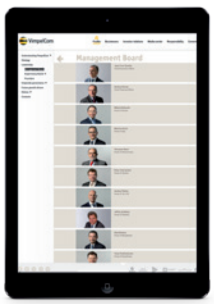
15 Mikhail Gerchuk
Group Chief Commercial and Strategy Officer

16 Scott Dresser
Group General Counsel

17 Romano Righetti
Group Chief Regulatory Officer

18 Enrique Aznar
Group Chief Compliance Officer

19 Rozzyn Boy
Chief Communications Officer



To read biographies of our Management Board members, visit our website **www.vimpelcom.com/Profile/Leadership/Management/**

RUSSIA

"2014 has been a year of in-depth cultural transformation of Beeline in customer service as well as intensive improvements of our network quality. Going forward, we set for ourself the ambitious goal to become the best carrier for our clients in both voice and data and therefore we are centering our strategy and values around customer service, and technological and operational excellence."

Mikhail Slobodin
Head of Russia

Business Unit overview

In Russia, VimpelCom operates under Beeline, one of the most recognized brands in Russia, and is one of the three leading mobile operators in the country, serving individuals as well as small, medium and large companies. The Company provides integrated mobile and fixed-line telephony, data transmission, Internet-based wired and wireless solutions, as well as innovative services such as mobile commerce. The Company has 57.2 million mobile customers and 2.3 million fixed-line broadband customers in Russia. VimpelCom has been investing in its high-speed data networks in Russia, resulting in a substantial improvement in customer experience and churn. The Company continues to focus on increasing both the quality of its networks and the availability of new services in a capital and cost efficient manner, and has entered into an innovative partnership with another leading Russian telecom company to plan, develop and operate 4G/LTE networks. All of these developments position VimpelCom very well to continue capturing mobile data growth in Russia.

Priorities

- Ensure healthy financial indicators by focusing on Customer Excellence
- Create lean and cost-efficient operations
- Explore new revenue growth areas

Highlights of the year

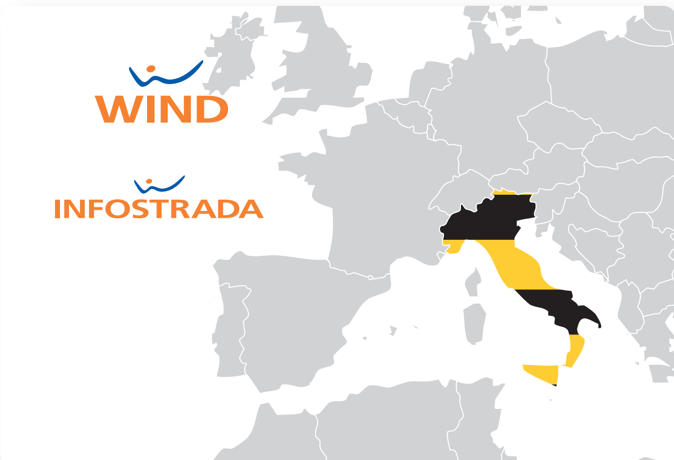
- Beeline achieved 0.7 million net customer additions in Russia in 2014. Mobile data revenue increased 20% to RUB 38 billion, driven by growing demand for mobile data services, a strong increase in mobile data traffic, and a 16% YoY increase in mobile broadband customers.
- Beeline continued its transformation initiative in Russia by refocusing the Company on Customer Excellence and implementing a more customer-centric culture. As a result, VimpelCom realized significant improvement in churn and an increased NPS, which is the customer satisfaction measure used by the Company across the Group. Customer experience improved due to significant progress in filtering SMS spam, reducing spam per month per customer from 12 in 2013 to 0.1 in December 2014. In addition, the Company also took action against unwanted services from content providers to the Company's customers, impacting the VAS revenue of Beeline, but improving its customer experience.
- Beeline continued to invest in its high-speed data networks in Russia and is on track with the Company's plans for the accelerated roll out of 4G/LTE. VimpelCom had launched 4G/LTE in 46 regions out of a total of 83 regions by the end of December 2014. Data speed is higher than 2 Mbps for 91% of Beeline customers and is already higher than 2.5 Mbps for 71% of Beeline customers. The Company improved voice quality by launching HD voice in 45 regions during 2014.
- Beeline announced a large-scale partnership with MTS that will further accelerate the roll out of 4G/LTE. This agreement between two leading mobile operators in Russia is for joint planning, development and operation of 4G/LTE networks in Russia. Between 2014 and 2016, VimpelCom will build and operate 4G/LTE base stations in 17 regions and MTS will build and operate 4G/LTE base stations in 19 regions. The partnership accelerates the roll out of 4G/LTE services to Beeline customers in a cost and capital efficient way.
- Beeline stimulates smartphone penetration. Beeline launched multiple mobile data devices in 2014, such as the attractive and affordable Beeline 3G smartphone, priced at RUB 490. In addition, the Company also started selling the iPhone 6 and introduced the Alcatel co-branded 4G/LTE smartphone. Finally, the Company introduced the Beeline Tab, which was the top-selling tablet in Russia in November 2014 according to GFK Agency.

Operational and financial performance in the year

In Russia, total revenue declined 3% YoY to RUB 282 billion, negatively impacted by the Company's measures to eliminate unrequested services from content providers to Beeline customers, as well as lower sales from equipment. EBITDA decreased by 8% YoY to RUB 112 billion, mainly due to the negative effect of the depreciation of the ruble against the US dollar, the decline in service revenue, the increased demand-driven network investments and the expansion of owned mono-brand stores. The Company expects the challenging environment will continue to put pressure on revenue and EBITDA margin in 2015.

Russia key metrics and financial data

RUB million	2014	2013	YoY
Total Revenue	**281,898**	289,910	(3%)
Service Revenue	**273,502**	278,433	(2%)
EBITDA	**111,935**	121,422	(8%)
EBITDA margin	**39.7%**	41.9%	(2.2pp)
Capex	**61,310**	58,792	4%
Capex / revenue	**22%**	20%	
Operating cash flow (EBITDA-CAPEX)	**50,627**	62,628	(19%)
OCF margin (%)	**18%**	22%	



"In 2014, WIND again demonstrated its strength, out-performing its competitors by focusing on a transparent approach to customers and simple and consistent positioning. In addition to our traditional telecommunication services we are exploring new areas for potential growth and new business segments "beyond the core".

In late 2013 we introduced a new division called WIND Digital, with the objective of developing and taking the lead in the interaction between WIND and the digitally native segments while enabling us to reduce our costs. In 2014 we launched a specific offering dedicated to this segment, All Digital, which allows customers to have a lower monthly fee by interacting exclusively through digital channels when purchasing, managing their account and interacting with customer service. Our application MyWIND is by far the most successful operator app in the Italian market and has been downloaded more than 6 million times. We also recently launched "Digital Home & Life", a space inside our stores and a concept designed for technology lovers. We are also expanding the products and services in the digital segment through partnerships with leading players such as Google Play and Microsoft.

We remain committed to maintaining our leadership in customer satisfaction through all touch points and continuing to invest in our network in order to deliver an excellent communication experience, especially in broadband."

Maximo Ibarra
Head of Italy

Business Unit overview

In Italy, one of Europe's largest markets, VimpelCom operates under the WIND brand for its mobile services and the Infostrada brand for its fixed-line services. With 21.6 million mobile customers, 2.8 million fixed-line voice customers, and 2.2 million fixed-line internet customers, the business is positioned as the "smart value for money" choice, characterized by simple and transparent tariff plans, excellence in customer services, and high network quality that meets customers' most important needs. WIND has an exceptional track record of outperforming the broader Italian telecom market.

Priorities

- Create superior customer experience with clear offering positioning in order to deliver Customer Excellence
- Continue to outperform market in mobile data
- Drive cost efficiency in order to deliver Operational Excellence

Highlights of the year

- WIND delivered solid performance in Italy despite the continuing weakness in the market. Even against continued difficult macroeconomic headwinds in Italy, WIND further increased its customer market share, although there was a reduction in gross additions and in customer size in the overall market, albeit with a positive impact on churn. There were also some early signs of recovery in the mobile segment during 2014.
- WIND expanded its 4G/LTE coverage, reaching 37% of the population by the end of 2014, and increased the capacity and coverage of its existing HSPA+ network. WIND invested EUR 757 million in 2014, in line with its strategy of being a smart and fast follower on new technologies.
- WIND refinanced approximately EUR 8 billion of debt in 2014, delivering substantial interest savings and debt maturity improvement. An initial refinancing in April was followed by a further refinancing in July, which together achieved approximately USD 0.4 billion in annual interest savings. WIND's improved capital structure and enhanced cash flow are expected to facilitate a deleveraging trajectory in the medium term.
- WIND launched innovative digital services and digital touch-points, investing in digital distribution and services anticipating increased demand. The focus is to grow its interaction with customers through digital channels and bolster competitiveness in the country. As an example, all-inclusive bundles were introduced specifically targeting young people (All-inclusive music) and digitally native customers (All-Digital) which accounts are manageable only via digital channels such as web, App and social networks.

Operational and financial performance in the year

In Italy, the Company continued to deliver solid performance in 2014 even as the business faced difficult macroeconomic conditions and a shrinking telecommunication market. Total revenue was down 7% YoY to EUR 4.6 billion. The decrease was due to the persistent effect of cannibalization coming from the 2013 price competition, the reduction in the mobile customer base and the substitution of SMS with OTT services. EBITDA decreased 7% YoY to EUR 1.8 billion mainly as a result of the revenue decline. With the highest NPS in the market, WIND remains a leader in customer satisfaction. In 2014 WIND continued to invest in rolling out the 4G/LTE network.

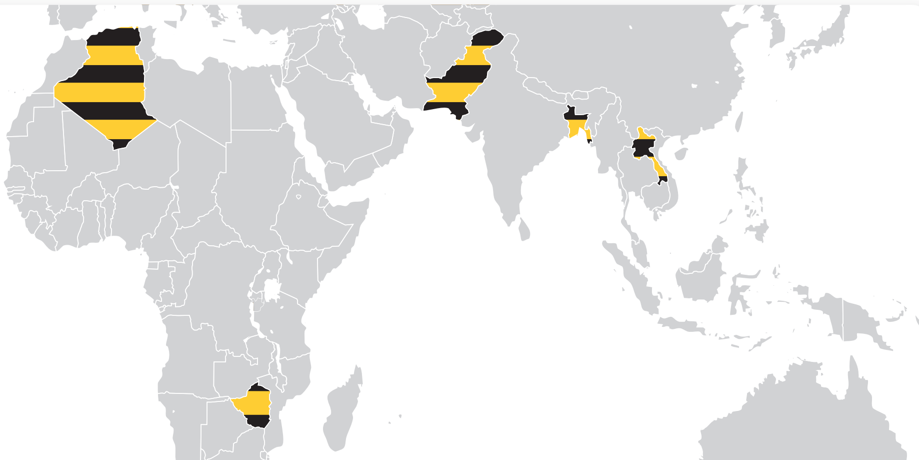
Italy key metrics and financial data

EUR million	**2014**	2013	YoY
Total Revenue	**4,633**	4,983	(7%)
Service Revenue	**4,167**	4,577	(9%)
EBITDA	**1,804**	1,944	(7%)
EBITDA margin	**39.0%**	39.1%	(0.1pp)
Capex	**757**	789	(4%)
Capex / revenue	**16%**	16%	
Operating cash flow (EBITDA-CAPEX)	**1,047**	1,155	(9%)
OCF margin (%)	**23%**	23%	

AFRICA & ASIA

"Despite regulatory and government challenges witnessed during the year, we managed to successfully roll out 3G in all three main countries, started to realize mobile data potential, created superior customer experience and continued to focus on structural cost improvements. In January 2015, GTH announced the successful closing of the transaction in Algeria, a partnership with the FNI to strengthen Djezzy's position and provide greater opportunities to develop its operations in Algeria, responding to the threats of tough competition. The closing also enables the Company to start a full transformation program for Djezzy."

Vincenzo Nesci
Head of Africa & Asia



Business Unit overview

In Africa & Asia, VimpelCom operates primarily in three countries under market-leading brands in each – Djezzy in Algeria, Mobilink in Pakistan, and Banglalink in Bangladesh – providing services to 90 million customers in total. Although ARPU in these countries is sometimes as low as USD 2 per month, the Company has consistently delivered EBITDA margins above 40%. VimpelCom has also achieved strong share gains in this region, one that has high potential for mobile data and 3G services. Coupled with the notable purchasing power of the price-sensitive, young populations and relatively low penetration rates – ranging from 60% in Bangladesh to 90% in Algeria – the region represents a strong growth engine for VimpelCom.

Priorities

- Invest in high-speed data networks in all three main markets to capture mobile data growth
- Defend market leadership positions in Algeria and Pakistan
- Grow beyond the core, especially in MFS
- Continue to focus on cost saving initiatives

Highlights of the year

- 3G launched in Pakistan. Mobilink won the Pakistan Telecommunication Authority's 3G spectrum auction on April 23, 2014, securing a 15-year license for 2x10 MHz spectrum at 2100 MHz band for approximately USD 300 million. Mobilink launched 3G services after receiving its license in May 2014, and was the first operator to acquire two million 3G customers in the country. In 2014, Mobilink also completed the improvement and modernization of its 2G network.

- 3G launched in Algeria. Djezzy launched 3G services in Algeria on July 5, 2014 and has since expanded services to 21 provinces across the country, including Algiers, Oran and Constantine, the three major towns. Following the launch of various commercial bundles and handset promotions, the business saw data users growing 74% and mobile data revenue doubling year-over-year. Djezzy launched a number of commercial offers including its successful Millennium 3G (hybrid voice and data product), handset promotions with data packages, B2C and B2B, and 3G VAS products such as Facebook zero, Djezzy store, Djezzy App, and Be-Djezzy. At the end of the year, Djezzy launched attractive 3G offers: a new prepaid offer "Go", which achieved encouraging uptake, and an unlimited postpaid offer "Infinity".

- In Bangladesh, Banglalink achieved a successful turnaround with 11% YoY increase in revenue, 7% YoY growth in customers, and a 17% YoY increase in EBITDA. In 2014, Banglalink completed the improvement and modernization of its 2G network, and achieved its aim of all 64 district capitals being within 3G coverage. At the end of 2014 Banglalink had the widest 3G network coverage in the country.

- VimpelCom's 51.9% owned subsidiary Global Telecom Holding S.A.E. ('GTH') sold its stake in U-COM in Burundi and Telecel CAR in Central African Republic for USD 65 million.

- VimpelCom's 51.9% owned subsidiary Global Telecom Holding S.A.E. ('GTH') sold its debt and equity interest in the Globalive group of companies in Canada, including Globalive Wireless Management Corp. ('WIND Canada'), for approximately CAD 135 million, with the proceeds going to VimpelCom in repayment of part of the debt owed to VimpelCom.

Operational and financial performance in the year

In 2014, the Africa & Asia Business Unit realized a 4% YoY organic decline in revenue to USD 3.4 billion. In Algeria, total revenue declined 5% YoY to DZD 136 billion, due to the forced delay of the Company's commercial launch of 3G. In Pakistan, total revenue declined 6% to PKR 102 billion as a result of competitive pressure and a challenging regulatory environment, with countrywide implementation of the biometric verification system leading to a YoY slowdown in customer base growth, which is expected to continue in 2015. Banglalink reported strong revenue growth of 11% YoY to BDT 44 billion in Bangladesh, which was driven by higher voice, interconnect and VAS revenue primarily due to strong YoY growth in the customer base, as well as strong mobile data revenue growth after the launch of 3G in 4Q13. The EBITDA of the Africa & Asia Business Unit declined organically by 11% YoY to USD 1.5 billion.

Africa & Asia key metrics and financial data

USD million	2014	2013	YoY	Organic YoY
Total Revenue	**3,360**	3,506	(4%)	(4%)
Service Revenue	**3,297**	3,435	(4%)	(4%)
EBITDA	**1,486**	1,679	(12%)	(11%)
EBITDA margin	**44.2%**	47.9%	(3.7pp)	
Capex	**1,253**	610	105%	
Capex / revenue	**28%**	13%		
Operating cash flow (EBITDA-CAPEX)	**233**	1,069	(78%)	
OCF margin (%)	**7%**	30%		

UKRAINE

"Kyivstar continues to focus on value-based management with a customer-centric approach and concentrating on Customer Excellence. Within Ukraine, Kyivstar provides the most stable network with the highest quality in the country. Furthermore, current smartphone penetration is relatively high within the country, and given the impending 3G launch, customers will be able to enjoy a high-speed mobile data experience."

Peter Chernyshov
Head of Ukraine

KYIVSTAR

Business Unit overview

In Ukraine, VimpelCom operates under Kyivstar, the leading brand in the country, serving 26.2 million mobile customers. The Company has also reached sizable scale in fixed-line residential broadband, providing its 800,000 fixed-line broadband customers with an integrated offering that differentiates Kyivstar from its peers. Kyivstar proactively transformed its business in 2014 to ensure the highest levels of Customer Excellence and operational performance. The Company expects to maintain the number one position in digital content services by focusing on value-based management and by facilitating a leading customer experience program.

Priorities

- Maintain leadership in mobile
- Deliver the best customer experience
- Launch 3G and deliver growth in data
- Maintain cost efficiencies

Highlights of the year

- Kyivstar's transformation program refocused its commercial strategy from volume-based to value-based management with a customer-centric approach and concentrated on Customer Excellence. As a result of these initiatives, NPS improved throughout 2014, particularly in network quality perception, but also due to attractive simplified tariff offerings focused on on-net, off-net, Internet and Fiber-to-the-Building ('FTTB'). As a result, Kyivstar reported the leading position in NPS and annualized churn improved by 7 percentage points YoY to 27%.
- Kyivstar continued to take further commercial measures to improve mobile service revenue trends as the Company has the highest quality network in Ukraine.
- In February 2015, Kyivstar was awarded one of three licenses to provide nationwide 3G services in the 2,100 Mhz band for a price of UAH 2.7 billion (~USD 100 million). Kyivstar is the leading operator in the Ukrainian market, with the highest number of smartphone users ready for 3G on its network. The launch of 3G will allow the people of Ukraine to experience the faster speeds and innovative services enjoyed by people all over the world. It will benefit the economy and help many businesses connect with their customers in new and innovative ways.

Operational and financial performance in the year

The Ukraine Business Unit reported a 5% YoY decline in total revenue to UAH 12 billion, mainly due to lower mobile voice revenue, as a result of customers switching to cheaper bundled tariff plans, and to the difficult environment in Ukraine, leading to more conservative spending behavior by customers. EBITDA decreased by 11% YoY to UAH 5.5 billion, mainly driven by the revenue decline and cost pressures due to the doubled frequency fees and increased utility costs. The Company expects that the environment will remain challenging in 2015. Kyivstar is the largest operator with the strongest brand, and roll out of 3G in the country will further improve Kyivstar's position in the market.

Ukraine key metrics and financial data

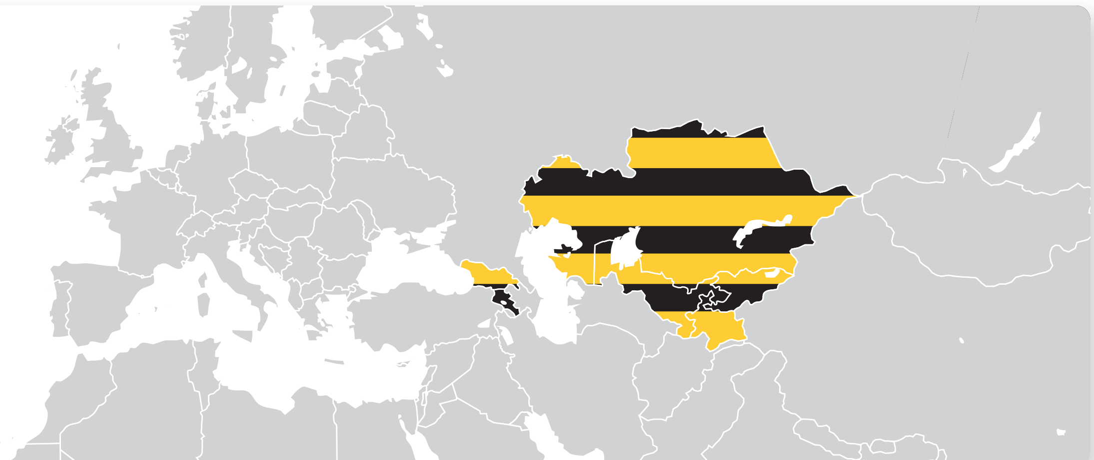
UAH million	**2014**	2013	YoY
Total Revenue	**12,231**	12,871	(5%)
Service Revenue	**12,207**	12,681	(4%)
EBITDA	**5,526**	6,239	(11%)
EBITDA margin	**45.2%**	48.5%	(3.3pp)
Capex	**1,657**	1,690	(2%)
Capex / revenue	**14%**	13%	
Operating cash flow (EBITDA-CAPEX)	**3,869**	4,550	(15%)
OCF margin (%)	**32%**	35%	

CIS

"Our strategy is focused on maintaining and improving our market position in these growing markets through enhancing the customer experience. At the same time, we are developing additional revenue streams and exploring new growth capabilities, as our markets are poised for significant upside in terms of mobile penetration and data usage. Our EBITDA margins remain high due to the sustainable market positions and continued focus on cost optimization through our Operational Excellence program."

Andrey Patoka
Head of CIS

Beeline®



Business Unit overview

In the Commonwealth of Independent States Business Unit, VimpelCom operates throughout six different markets with relatively low mobile data usage, providing opportunities for market share gain and growth as the telecommunications market in each develops. VimpelCom provides mobile services to 26.5 million customers in the CIS Business Unit and is the market leader in Uzbekistan, as well as the second largest operator in Kazakhstan. Tajikistan, Armenia, Georgia, and Kyrgyzstan are the other countries where VimpelCom operates within this Business Unit. The Company achieved solid performance in this Business Unit in 2014. VimpelCom aims to achieve sustainable growth in the CIS, while promoting efficient CAPEX and OPEX management to ensure sustainable cash flow generation.

Priorities

- Improve or maintain our market position in highly competitive markets
- Enhance customer experience by providing reliable service, following our value proposition and focusing on NPS
- Develop additional revenue streams and exploring new growth capabilities
- Focus on cost optimization through Operational Excellence and Capital Efficiency programs

Highlights of the year

- The Company reported growth in its customer base in all markets in the CIS Business Unit, increasing its customer base by 4% YoY to 26.5 million in 2014. This was the result of increasing mobile penetration and improving YoY churn in five out of six markets.
- Mobile service revenue grew organically by 4% YoY, mainly driven by strong growth of mobile data revenue of 26% YoY.
- In Kazakhstan, VimpelCom completed its successful turnaround and improved its market position despite the highly competitive market. Customers continue to be attracted to Beeline's value proposition as a result of the ongoing transition to bundled tariff plans, as well as its new data products. At the end of 2014, bundle penetration was at 50%. As a result of this attractive value proposition and the Company's high quality network, Beeline remains the solid leader in NPS in Kazakhstan.

Operational and financial performance in the year

The CIS Business Unit continued to deliver solid performance with revenue increasing organically by 4% YoY to USD 1.9 billion, supported by strong results in Kazakhstan and Uzbekistan, despite the highly competitive markets.

In Kazakhstan, mobile service revenue increased organically by 4% YoY in FY14, while EBITDA grew organically by 5% YoY, leading to an EBITDA margin of 46.2%. The mobile customer base increased 7% YoY to 9.8 million. Fixed-line service revenue increased 24% YoY in FY14 as a result of increasing FTTB revenue, mainly driven by strong customer growth.

In Uzbekistan, Beeline reported mobile service revenue growth of 7% YoY. EBITDA grew 33%, mainly as a result of a negative one-off in 4Q13, and EBITDA margin in Uzbekistan was strong at 64.2%. The entrance of the third mobile operator in December 2014 is expected to impact results in 2015. In addition, a fourth operator is expected to enter the market in 2015, further increasing competition. Beeline aims to maintain its leading market position in Uzbekistan by focusing on customer retention and high value customers.

Overall, five out of six countries in the CIS business delivered market share gains in 2014. The underlying development in this unit remains strong with an attractive mobile data revenue growth outlook in all CIS markets. EBITDA margins and cash flows were robust as a result of efficiencies achieved through the Company's Operational Excellence and Capital Efficiency programs.

CIS key metrics and financial data

USD million	**2014**	2013	YoY	Organic YoY
Total Revenue	**1,873**	1,946	(4%)	4%
Service Revenue	**1,865**	1,935	(4%)	5%
EBITDA	**912**	856	6%	15%
EBITDA margin	**48.7%**	44.0%	4.7pp	
Capex	**268**	370	(28%)	
Capex / revenue	**14%**	19%		
Operating cash flow (EBITDA-CAPEX)	**644**	486	33%	
OCF margin (%)	**34%**	25%		

Selected financial and operating data

Selected financial data

The following selected consolidated financial data for the five years ended December 31, 2014 are derived from our historical consolidated financial statements which have been audited by PricewaterhouseCoopers Accountants N.V., an independent registered public accounting firm, for the year ended December 31, 2014, and Ernst & Young Accountants LLP, an independent registered public accounting firm, for the years ended December 31, 2013, 2012, 2011 and 2010. The data should be read in conjunction with our audited consolidated financial statements and related notes included in our Annual Report on Form 20-F and the financial information in "Item 5 – Operating and Financial Review and Prospects" therein.

	Years ended December 31,				
	2014	2013	2012	2011	2010
	(In millions of US dollars, except per share amounts)				
Service revenues	**18,725**	21,529	22,122	19,579	10,291
Sale of equipment and accessories	**519**	725	677	516	194
Other revenues	**383**	292	262	167	37
Total operating revenues	**19,627**	22,546	23,061	20,262	10,522
Operating expenses					
Service costs	**4,381**	5,133	5,439	4,962	2,251
Cost of equipment and accessories	**551**	780	693	663	217
Selling, general and administrative expenses	**6,725**	8,373	7,161	6,381	3,198
Depreciation	**2,839**	3,050	2,926	2,726	1,403
Amortization	**1,479**	1,791	2,080	2,059	610
Impairment loss	**992**	2,973	386	527	–
Loss on disposals of non-current assets	**74**	100	205	90	49
Total operating expenses	**17,041**	**22,200**	**18,890**	**17,408**	**7,728**
Operating profit	**2,586**	346	4,171	2,854	2,794
Finance costs	**2,026**	2,150	2,029	1,587	536
Finance income	**(54)**	(91)	(154)	(120)	(69)
Other non-operating losses/(gains)	**152**	172	75	308	(35)
Shares of loss/(profit) of associates and joint ventures accounted for using the equity method	**38**	159	9	35	(90)
Net foreign exchange (gain)/ loss	**605**	(20)	(70)	190	5
(Loss)/profit before tax	**(181)**	(2,024)	2,282	854	2,447
Income tax expense	**722**	2,064	906	585	574
(Loss)/profit for the year	**(903)**	(4,088)	1,376	269	1,873
Attributable to:					
The owners of the parent	**(647)**	(2,625)	1,539	543	1,806
Non-controlling interest	**(256)**	(1,463)	(163)	(274)	67
	(903)	(4,088)	1,376	269	1,873
Earnings per share					
Basic, (loss)/profit for the year attributable to ordinary equity holders of the parent	**$(0.37)**	$(1.53)	$0.95	$0.36	$1.50
Diluted, (loss)/profit for the year attributable to ordinary equity holders of the parent	**$(0.37)**	$(1.53)	$0.95	$0.36	$1.50
Weighted average number of common shares (millions)	**1,748**	1,711	1,618	1,524	1,207
Dividends declared per share	**$0.035**	$1.24	$0.80	$0.80	$0.80

Selected financial data

	At December 31,				
	2014	2013[2]	2012	2011	2010
	(In millions of US dollars)				
Consolidated balance sheet data:					
Cash and cash equivalents	**6,342**	4,454	4,949	2,325	885
Working capital (deficit)[1]	**(938)**	(2,815)	(2,421)	(3,074)	(1,023)
Property and equipment, net	**11,849**	15,493	15,666	15,165	7,299
Intangible assets and goodwill	**18,002**	24,546	27,565	28,601	9,217
Total assets	**41,042**	49,747	54,737	54,039	19,505
Total liabilities	**37,066**	40,669	39,988	39,137	9,093
Total equity	**3,976**	9,078	14,749	14,902	10,412

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

2 Figures for the year ended December 31, 2013 have been adjusted to reflect the adoption of IAS 32 Offsetting Financial Assets and Financial Liabilities, as described in Note 3 to our audited consolidated financial statements included elsewhere in our Annual Report on Form 20-F.

	At December 31,				
	2014	2013	2012	2011	2010
	(In millions of US dollars)				
Other data:					
Adjusted EBITDA*	**7,970**	8,260	9,768	8,298	4,906

* Adjusted EBITDA is a non-GAAP financial measure. Please see "Explanatory Note – Non-GAAP Financial Measures" in our Annual Report on Form 20-F for more information on how we calculate Adjusted EBITDA. Reconciliation of Adjusted EBITDA to profit for the year, the most directly comparable IFRS financial measure, is presented below.

Reconciliation of Adjusted EBITDA to profit for the year

	Years ended December 31,				
	2014	2013	2012	2011	2010
	(Unaudited, in millions of US dollars)				
Adjusted EBITDA	**7,970**	8,260	9,768	8,298	4,906
Reconciliation adjustments	**–**	–	–	(42)	(50)
Depreciation	**(2,839)**	(3,050)	(2,926)	(2,726)	(1,403)
Amortization	**(1,479)**	(1,791)	(2,080)	(2,059)	(610)
Impairment loss	**(992)**	(2,973)	(386)	(527)	–
Loss on disposals of non-current assets	**(74)**	(100)	(205)	(90)	(49)
Finance costs	**(2,026)**	(2,150)	(2,029)	(1,587)	(536)
Finance income	**54**	91	154	120	69
Other non-operating losses/(gains)	**(152)**	(172)	(75)	(308)	35
Shares of (loss)/profit of associates and joint ventures accounted for using the equity method	**(38)**	(159)	(9)	(35)	90
Net foreign exchange loss	**(605)**	20	70	(190)	(5)
Income tax expense	**(772)**	(2,064)	(906)	(585)	(574)
Profit for the year	**(903)**	(4,088)	1,376	269	1,873

Selected operating data

The following selected operating data as of and for the years ended December 31, 2014, 2013, 2012, 2011 and 2010 has been derived from internal company sources. The selected operating data set forth below should be read in conjunction with our audited consolidated financial statements and their related notes included in the Annual Report on Form 20-F and the section of the Annual Report on Form 20-F entitled "Item 5 – Operating and Financial Review and Prospects."

	As of December 31,				
	2014	2013	2012	2011	2010
Selected Company operating data[1]:					
End of period mobile customers (in millions):					
Russia	**57.2**	56.5	56.1	57.2	52.0
Italy	**21.6**	22.3	21.6	21.0	–
Algeria[4]	**18.4**	17.6	16.7	16.2	–
Africa & Asia[5]	**71.6**	69.4	64.9	59.9	0.7
Ukraine[4]	**26.2**	25.8	25.1	23.2	24.2
CIS	**26.5**	25.4	24.2	19.7	15.6
Total mobile customers	**221.6**	219.6	208.6	197.2	92.5
Mobile MOU[2]					
Russia	**304**	291	276	243	219
Italy	**264**	237	207	197	–
Algeria[4]	**194**	216	274	289	–
Africa & Asia					
Pakistan	**238**	226	214	206	–
Bangladesh	**197**	184	216	209	–
Laos	**103**	106	97	233	–
Ukraine[4]	**511**	501	513	483	383
CIS					
Kazakhstan	**309**	290	213	148	120
Uzbekistan	**523**	471	474	425	386
Kyrgyzstan	**293**	265	272	303	258
Armenia	**374**	339	269	257	294
Tajikistan	**286**	270	241	229	179
Georgia	**228**	244	237	207	137
Mobile ARPU (in US dollars)[2]					
Russia	**8.6**	10.6	10.8	11.0	10.8
Italy	**14.6**	16.3	18.5	21.7	–
Algeria[4]	**7.7**	8.4	9.0	9.8	–
Africa & Asia					
Pakistan	**2.1**	2.3	2.6	2.7	–
Bangladesh	**1.5**	1.5	1.8	1.8	–
Laos	**5.3**	6.0	5.6	5.1	–
Ukraine[4]	**3.1**	4.7	5.2	5.2	4.8
CIS					
Kazakhstan	**5.8**	7.1	7.6	8.3	9.2
Uzbekistan	**5.6**	5.3	4.6	4.1	4.1
Kyrgyzstan	**5.5**	6.6	5.5	5.5	5.3
Armenia	**6.6**	7.1	6.8	8.1	10.3
Tajikistan	**9.2**	10.0	8.6	8.8	6.5
Georgia	**4.9**	6.3	6.7	6.8	7.5

Selected operating data

	As of December 31,				
	2014	2013	2012	2011	2010
Annual churn (as a percentage)[2]					
Russia	**60.1**	63.9	63.2	62.8	50.8
Italy	**31.4**	36.6	35.2	28.3	–
Algeria[4]	**23.4**	31.6	29.5	23.4	–
Africa & Asia					
Pakistan	**26.0**	23.0	25.2	29.5	–
Bangladesh	**21.6**	22.3	25.2	18.5	–
Laos	**94.6**	102.6	141.0	258.0	–
Ukraine[4]	**25.1**	35.3	29.8	28.9	29.5
CIS					
Kazakhstan	**50.5**	48.6	55.8	47.4	43.5
Uzbekistan	**48.1**	53.5	55.1	59.7	54.2
Kyrgyzstan	**65.7**	65.6	66.1	52.3	61.9
Armenia	**43.9**	62.6	83.9	87.6	67.6
Tajikistan	**77.1**	77.9	72.7	67.4	82.8
Georgia	**69.7**	74.0	79.1	70.1	94.1
End of period broadband customers, mobile and fixed (in millions):					
Russia	**5.9**	5.4	5.0	4.6	3.3
Italy	**12.3**	10.5	7.8	6.6	–
Algeria	**–**	–	–	–	–
Africa & Asia	**–**	–	–	–	–
Ukraine	**0.8**	0.8	0.6	0.4	0.2
CIS[3]	**14.1**	13.7	12.3	9.5	6.7
Total broadband customers	**33.1**	30.3	25.6	12.3	3.7

1 For information on how we calculate mobile customer data, mobile MOU, mobile ARPU, mobile churn rates and broadband customer data, please refer to the section of the Annual Report on Form 20-F entitled "Item 5 – Operating and Financial Review and Prospects – Certain Performance Indicators." The mobile customer numbers for Africa & Asia include 2.2 million customers from our equity investee in Zimbabwe (accounted at cost) as of December 31, 2014 and 2.6 million customers as of December 31, 2013 and 2012.

2 For WIND Telecom Group companies acquired on April 15, 2011, mobile MOU, ARPU and churn are calculated based on the full year.

3 CIS mobile broadband customers are those who have performed at least one mobile Internet event in the three-month period prior to the measurement date, as well as fixed Internet access using FTTB, xDSL and WiFi technologies.

4 The customer numbers for 2012, 2011 and 2010 have been adjusted to reflect revised customer numbers in Algeria and Ukraine where the definition of customers has been aligned to the Group definition. MOU, Mobile ARPU and Churn have been adjusted accordingly.

5 The customer numbers for 2013, 2012, 2011 and 2010 have been adjusted to remove customers in operations that have been sold.

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Primary trading information

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Disclaimer

This Annual Report contains "forward-looking statements", as the phrase is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to, among other things, the Company's anticipated performance, future market developments and trends, anticipated cost savings, anticipated benefits from the Algeria transaction, anticipated results of the Company's financing activities, operational and network development and anticipated benefits from network investment, expectations regarding its 4G/LTE agreement with MTS, anticipated roll-out and benefits of 3G in Ukraine and the Company's ability to realize its strategic initiatives in the various countries of operation. The forward-looking statements included in this presentation are based on management's best assessment of the Company's strategic and financial position and of future market conditions and trends. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of continued volatility in the economies in our markets, government investigations, unforeseen developments from competition, governmental regulation of the telecommunications industries, general political uncertainties in our markets and/or litigation with third parties. Certain factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in the Company's Annual Report on Form 20-F for the year ended December 31, 2014 filed with the U.S. Securities and Exchange Commission (the 'SEC') and other public filings made by the Company with the SEC, which risk factors are incorporated herein by reference. The Company disclaims forward looking statements speak only as of the date hereof, and the obligation to update them or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.

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Designed and produced by Black Sun Plc
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