OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS
Form 6-K
April 21, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the month of April 2008

Commission File Number 1-14522

Open Joint Stock Company Vimpel-Communications

(Translation of registrant s name into English)

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

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F [X] Form 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes [ ] No [X]

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____ .

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OPEN JOINT STOCK COMPANY

VIMPEL-COMMUNICATIONS
(Registrant)

Date: April 21, 2008

By: /s/ Alexander V. Izosimov
Name: Alexander V. Izosimov
Title: Chief Executive Officer and General Director

On April 17, 2008, Open Joint Stock Company Vimpel-Communications (VimpelCom or the Company) announced, and submitted a press release containing such announcement in a separate Form 6-K dated April 17, 2008, its intention to raise, subject to market and other conditions, debt financing by the issuance of notes in the international bond markets. The terms of the notes, including aggregate principal amount, interest rate and maturity date, have yet to be determined. The Company intends to use the net proceeds from the issuance in part to refinance its existing bridge facility entered into in connection with its acquisition of Golden Telecom, Inc. The offering of notes is currently anticipated to close during the second quarter of 2008.

In connection with the proposed offering of notes, VimpelCom disclosed to prospective purchasers of the notes information that has not been previously publicly reported. VimpelCom has elected to provide such information, together with some information that has been previously publicly disclosed, in this Form 6-K.

Nothing herein shall constitute an offer to sell or the solicitation of an offer to buy the notes, nor shall there be any sale of the notes in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state. The notes will be offered (i) to persons that are both qualified institutional buyers within the meaning of Rule 144A under the Securities Act of 1933, as amended (the Securities Act) and qualified purchasers within the meaning of the Investment Company Act of 1940, as amended, in reliance on Rule 144A under the Securities Act and (ii) outside the United States in reliance on Regulation S under the Securities Act. The notes will not be registered under the Securities Act. Unless and until so registered, the notes may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

This communication is directed solely at persons who (i) are outside the United Kingdom or (ii) are investment professionals within the meaning of article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Financial Promotion Order) or (iii) are persons falling within article 49(2)(a) to (e) of the Financial Promotion Order or (iv) is a person to whom such communication may otherwise lawfully be made in accordance with the Financial Services and Markets Act 2000 and the Financial Promotion Order (all such persons together being referred to as relevant persons). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

This Form 6-K 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, wil 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 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 strategy to generate sufficient net cash flow in order to meet our debt service obligations;

- our expectation that we may need to increase our debt financing amounts to acquire companies or assets or 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 Form 6-K include:

- risks relating to changes in political, economic and social conditions in Russia and the CIS;
- risks relating to legislation, regulation and taxation in Russia and the CIS, including laws, regulations, decrees and decisions governing each of the telecommunications industries in the countries where we operate, currency and exchange controls relating to entities in Russia and other countries where we operate and taxation legislation relating to entities in Russia and other countries where we operate, and their official interpretation by governmental and other regulatory bodies and by the courts of Russia and the CIS;
- risks that various courts or regulatory agencies in which we are involved in legal challenges or appeals may not find in our favor;
- 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 Form 6-K (in the section entitled Risk Factors beginning on page 24) 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 Form 6-K be regarded as a representation or warranty by us 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 Form 6-K are made only as of the date of this Form 6-K 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.

EXPLANATORY NOTE

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 Form 6-K do not reflect Golden Telecom s results, unless otherwise indicated. References in this Form 6-K to our company, we and our and similar pronouns are references to Open Joint Stock Company Vimpel-Communications, an open joint stock company organized under the laws of the Russian Federation, and its consolidated subsidiaries, including Golden Telecom, except with respect to the presentation of historical financial and operating data in this Form 6-K and unless the context otherwise requires. References in this Form 6-K to VimpelCom are references to Open Joint Stock Company Vimpel-Communications and its consolidated subsidiaries, excluding Golden Telecom, with respect to the presentation of financial and operating data for periods prior to the completion of the Golden Telecom acquisition, unless the context otherwise requires. References in this Form 6-K 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.

This Form 6-K includes (i) audited consolidated financial statements of VimpelCom as of December 31, 2007 and 2006 and for the years ended December 31, 2007, 2006 and 2005, and (ii) audited consolidated financial statements of Golden Telecom as of December 31, 2007 and 2006 and for the years ended December 31, 2007, 2006 and 2005. The audited consolidated financial statements of both VimpelCom and Golden Telecom have been prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP.

This Form 6-K also contains unaudited pro forma condensed combined financial statements for the year ended December 31, 2007, which give effect to the GTI Acquisition, the GTI Financing Transactions and the Other Financing Transaction. These unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and are not necessarily indicative of the results of operations or the financial position of our company that would have actually resulted had the GTI Acquisition occurred on the dates indicated. Further, these unaudited pro forma condensed combined financial statements are not intended to be indicative of the results of operations or financial position that we may achieve in the future. This unaudited pro forma condensed combined financial statements should be read in conjunction with, and are qualified in their entirety by reference to, the audited consolidated financial statements and related notes of each of VimpelCom and Golden Telecom included elsewhere in this Form 6-K and the information set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations.

In addition, the discussion of our business and the telecommunications industry contains references to 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 GSMin 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 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. We continue to refer to registered mobile subscribers with respect to market share and churn data.

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.

References to the Acquisition Facility are to the US$3,500.0 million facility agreement we entered into on February 8, 2008, with ABN AMRO Bank N.V., London Branch, Barclays Capital, BNP Paribas, CALYON, Citibank, N.A., HSBC Bank plc, ING Bank N.V. and UBS Limited as mandated lead arrangers and bookrunners and Citibank International plc as agent.

References to the Bridge Facility are to the US$1,500.0 million 12-month bridge facility, maturing on February 8, 2009, borrowed under the Acquisition Facility.

References to the GTI Acquisition are to our acquisition, by tender offer and subsequent merger, of 100.0% of the shares of Golden Telecom pursuant to a definitive merger agreement, dated December 21, 2007, between Golden Telecom and two of our wholly-owned subsidiaries.

References to the GTI Financing Transactions are to the borrowings under the Acquisition Facility, the loan (assuming a 10-year maturity, 9.0% annual interest rate and US$1,500.0 aggregate principal amount) funded by the proceeds from the issuance of the notes (the Loan), the debt issuance costs of US$13.0 million related to the offer of the notes the repayment in full of the Bridge Facility with the proceeds of the Loan and the payment of US$11.0 million in fees for borrowing under the Bridge Facility. The conditions of the Loan, including assumption of interest rate, maturity and amount of financing to be raised are preliminary and subject to changes after finalization of the Loan.

References to the Other Financing Transactions are to the granting of a US$350.0 million loan to Crowell Investments Limited on February 13, 2008, the repayment of US$47.2 million on a syndicated loan on February 28, 2008 and the borrowing of the Russian ruble equivalent of US$200.0 million under a loan from Sberbank on February 29, 2008.

References to the Syndicated Facility are to the US$2,000.0 million syndicated three-year term loan facility, maturing on February 8, 2011, borrowed under the Acquisition Facility.

References to the financial statements of Golden Telecom are references to the audited consolidated financial statements of Golden Telecom, Inc. and the notes thereto included in the Form 10-K filed by Golden Telecom, Inc. on March 17, 2008.

Certain amounts and percentages that appear in this Form 6-K 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.

RISK FACTORS

The risk factors below are associated with our Company. You should carefully consider all of the information set forth below and in VimpelCom s Annual Reports on Form 20-F. You should also carefully consider risk factors in the Company s Reports on Forms 6-K submitted with the SEC, and other filings made by the Company with the SEC. If any of these risks actually occur, VimpelCom s business, financial condition or results of operations could be harmed.

The risks and uncertainties below and in the Company s other public filings and submissions with the SEC are not the only ones VimpelCom faces, but represent the risks that VimpelCom believes are material. However, there may be additional risks that VimpelCom currently considers not to be material or of which VimpelCom is not currently aware and these risks could have the effects set forth above.

Risks Related to Our Business

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 recently reported that it beneficially owned 29.9% of our voting capital stock and Alfa Group recently reported that it beneficially owned 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, including holders of the Notes. For more information regarding each of Telenor s and Alfa Group s beneficial ownership of our shares, see the section of this Form 6-K entitled 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, including holders of the Notes. 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 Form 6-K entitled Management.

We have a limited non-compete agreement with our strategic shareholders and our strategic shareholders may pursue different development strategies from us and 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 in pursuing development in the CIS or other regions outside of the CIS than we do. 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. For example, when our company tried to pursue expansion into Ukraine through the acquisition of CJSC Ukrainian RadioSystems, or URS, our board failed to approve such expansion or acquisition by the requisite approval of eight out of nine members of the board on several occasions. The three Telenor nominated directors on our board at the time who were also officers of Telenor or its affiliates, referred to herein as the Telenor Nominees, voted against the approval of the proposed acquisition on each occasion, whereas the three Alfa Group nominees on our board at the time who were also officers or directors of Alfa Group entities, referred to herein as the Alfa Group Nominees, voted in favor of the proposed acquisition on each occasion. An affiliate of Telenor and a member of the Alfa Group of companies reportedly owned at the time 56.5% and 43.5%, respectively, of Joint Stock Company Kyivstar GSM, or Kyivstar, a mobile operator in Ukraine. Our acquisition of URS was ultimately approved as an interested party transaction by our shareholders at the extraordinary shareholders meeting held on September 14, 2005, which we refer to herein as the September 2005 EGM. In January 2006, Telenor filed three lawsuits in Russia challenging our acquisition of URS. The Russian courts dismissed each of these lawsuits at every instance at which they were heard. For more information regarding the Telenor challenges to the URS acquisition and the risks associated therewith, please see the risk factor below entitled Risks Related to Our Business Our acquisition of URS was challenged by Telenor and may be further challenged by Telenor or other parties in the future. 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. On April 15, 2008, we received a copy of a purported claim addressed to the Arbitration Court of Khanty-Mansiisky Autonomous Okrug in Russia from Farimex Products, Inc., the purported holder of 25,000 of our ADSs. The named defendants under the claim are Eco Telecom Limited, Altimo Holdings & Investments Ltd., Avenue Limited, Janow Properties Limited, Santel Limited, Telenor East Invest AS and OJSC CT-Mobile. Both our company and several of our current and former directors, namely, Messrs. Mikhail Fridman, Arve Johansen, Alexey Reznikovich, Fridtjof Rusten and Henrik Torgersen, are named as third parties to the case. 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 he so chooses. A third party is not a defendant in the claim and judgments cannot be entered against a person solely due to the fact that the person was named as a third party. The claimant is seeking reimbursement from the defendants to our company of approximately US$3.8 billion in alleged damages caused to our company by the actions of the defendants with regard to our entrance into the Ukrainian telecommunications market. Among other things, the claimant alleges that Alfa Group and Telenor prevented our company from acquiring Kyivstar and that Telenor, acting through the directors on our board nominated by Telenor, caused a delay in our acquisition of URS, which caused us damages. We have not been informed if the claim was filed with the court and if any hearing date has been scheduled. In addition, the claimant is purportedly seeking to arrest the shares in our company owned by Eco Telecom and Telenor to secure the claim. At this very early stage, we do not know what, if any, actions we will take or will be required to take regarding this claim and we cannot predict what, if any, impact this claim may have on our strategic shareholders, named board members or our company.

Furthermore, Telenor and Alfa Group may have different strategies from one another. 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 the completion of the URS acquisition. 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. If and to the extent that our strategic shareholders have different expansion strategies, as is apparently the case in Ukraine, and continue to engage in disputes and litigations in connection therewith 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.

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 could harm our business.

Under certain of our debt agreements, an event of default may be deemed to have occurred and/or we may be required to make a prepayment if Telenor reduces its stake in our company to less than 25.0% or certain parties (generally other than Telenor ASA or its subsidiaries, Alfa Group or its subsidiaries, or reputable international telecommunications operators with at least a minimum specified debt rating) acquire beneficial or legal ownership of or control over more than 50.0% of the shares in our company. The occurrence of any such event of default or failure to make any required prepayment which leads to an event of default, 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 it has pledged all of our common shares, preferred shares and ADSs owned by it as security in connection with bonds issued by its affiliate, Eco Telecom Limited, and has placed these shares in escrow. For more information about these arrangements, please see the section of this Form 6-K entitled Major Shareholders. If Telenor or Alfa Group were to dispose of their stakes in VimpelCom, or if Alfa Group s shares in VimpelCom which are subject to pledge and/or escrow arrangement were to be disposed of, 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.

Our acquisition of URS was challenged by Telenor and may be further challenged by Telenor or other parties in the future.

Both before and after our acquisition of URS, Telenor and the Telenor Nominees objected to the acquisition. Among other things, prior to the September 2005 EGM, Telenor in correspondence to our company raised certain issues related to the proposed acquisition, among these, that the purchase price for the proposed acquisition of URS was inflated and that there was a lack of transparency related to Eco Telecom Limited s role in the negotiations with the sellers of URS. In addition, prior to the closing of the URS acquisition, Telenor further stated in correspondence to our company that the September 2005 EGM was not validly convened and that our chief executive officer had no authority to complete the acquisition. Telenor also asserted that the acquisition of URS required the prior approval of not less than 80.0% of the board, that our company s management should not attempt to complete the acquisition prior to receipt of such board approval and that it would use all rights, powers, privileges and remedies to protect and defend itself in relation to the September 2005 EGM and the proposed acquisition of URS. In December 2005, following the URS acquisition, Telenor publicly disclosed a letter that had been sent by the Telenor Nominees to our board chairman on December 12, 2005. In this letter, the Telenor Nominees questioned, among other things, (i) the legality of our management s decision to complete the URS acquisition, (ii) the legality of the URS acquisition, and (iii) the adequacy of VimpelCom s disclosure about the URS transaction and VimpelCom s plans for URS. In January 2006, Telenor filed three lawsuits in Moscow that, among other things, challenged the validity of the September 2005 EGM, the adequacy of corporate approvals for the URS acquisition and the decision to complete the URS acquisition, and sought to unwind the acquisition of URS. We have prevailed in each of these lawsuits at every instance at which they were heard by the Russian courts and these lawsuits are no longer subject to appeal. We cannot assure you, however, that further claims by Telenor or other third parties regarding our acquisition, operation or funding of URS, challenging our ownership interest in URS or other matters will not be made.

It is also possible that third parties may seek monetary damages from us or challenge our ownership interest in URS in connection with their claims against the parties that sold URS to our company. In early 2006 and May 2007, both URS and several of the Cyprus entities that we acquired in the URS transaction that are now our subsidiaries and which directly hold shares in URS received inquiries and document requests from local police authorities. Based on the limited information available to us, it appears that these inquiries related to a then ongoing criminal investigation by Ukrainian authorities into a dispute regarding the transfer of interests in URS by former shareholders of URS, which dispute did not involve any acts or failures to act by our company. At this stage, we are not sure of the impact, if any, these inquiries and document requests may have on our company. There can also be no assurance that this investigation or any future claims by Telenor or third parties will not result in the unwinding of the URS acquisition, deprive us of a portion of our ownership interest in URS, or limit or prohibit our operation or funding of URS or result in our having to pay monetary damages. In the event that a decision unfavorable to us in any future lawsuit that Telenor or other parties may file becomes binding, it could have a material adverse effect on our company, its business, its expansion strategy and its financial results, and result in an event of default under our outstanding indebtedness, including the Notes.

The Telenor Nominees have alleged possible conflicts of interest arising from possible business relationships between the Alfa Group Nominees and the sellers of URS.

On April 6, 2006, the Telenor Nominees sent a letter to the chairman of our board. Telenor also filed this letter as an attachment to its Schedule 13D/A filed with the SEC on April 6, 2006. We refer you to Exhibit 15.1 to our Annual Report on Form 20-F for the year ended December 31, 2005, as filed with the SEC, where we attached the full content of the letter.

In this letter, the Telenor Nominees repeated their prior request that an independent investigation be undertaken to investigate and report to the board concerning any conflicts of interest arising from possible business relationships between the Alfa Group Nominees and the sellers of URS. In this letter, the Telenor Nominees presented certain information that they maintain confirms their belief that such investigation is absolutely essential. At the suggestion of one of the Telenor Nominees following our April 7, 2006 board meeting, outside counsel for Telenor was contacted to provide our company with any information that outside counsel or its clients have that would explain, support or would be responsive to certain questions and ambiguities raised by the April 6, 2006 letter. In general, outside counsel for Telenor indicated that it would not provide any new information because it believed that it would be inappropriate to do so in light of the then pending proceedings between Telenor and our company and Telenor and Alfa Group as well as for reasons of attorney/client privilege. Thus, despite due demand therefor, up to the date of this Form 6-K, we still have not received any information from any of the Telenor Nominees or their counsel that explains, supports, or is responsive to the questions and ambiguities raised by the April 6, 2006 letter. Alfa Group has previously publicly denied any financial interest in the sellers of URS, and following the statements made by the Telenor Nominees in their April 6, 2006 letter, we requested and received from the Alfa Group Nominees letters confirming that neither they nor to the best of their knowledge and belief after reasonable inquiry any of their related parties or any member of the Alfa Group of companies had any financial interest in the URS sellers or the URS transaction. However, if it is proven that any Alfa Group Nominees or any other member of the Alfa Group or their affiliates had an undisclosed interest in the URS acquisition, it could harm our company s reputation, lead to further deterioration of the relationship between our two strategic shareholders, result in further shareholder or third party lawsuits, and/or in, certain situations, call into question the adequacy of our corporate approvals, including in connection with the URS acquisition.

The Telenor Nominees have alleged that our prior disclosure with respect to the URS acquisition and other matters has been inadequate, and the Telenor Nominees voted against approval of our Annual Report on Form 20-F for each of the years ended December 31, 2005 and 2006 and our U.S. GAAP financial statements for 2005 and 2006.

In the April 6, 2006 letter, the Telenor Nominees repeated their prior claims that our disclosure with respect to the URS acquisition was inadequate and their request that we make public various information and documentation previously requested by the Telenor Nominees in their December 12, 2005 letter to the chairman of our board. Telenor attached a copy of this letter to its Schedule 13D/A that it filed with the SEC on December 12, 2005. At the December 14, 2005 meeting of our board, our chief executive officer replied orally to the questions posed by the Telenor Nominees in their December 12, 2005 letter. Among other things, our chief executive officer stated that our company believed that the URS acquisition (including the price paid) was consummated in accordance with the September 2005 EGM approval, applicable law and our charter; stated that management conducted standard legal and accounting due diligence in connection with the URS acquisition and was not aware that any entity connected with the Alfa Group received any proceeds from the acquisition; and stated that our company paid customary fees for its investment banking, legal and accounting advisors in connection with the URS acquisition. In addition, the Telenor Nominees have been informed by the chairman of our board that all directors, including them, have access to all information on the URS transaction in our possession subject to the execution of a confidentiality letter consistent with directors duty of confidentiality.

Although our U.S. GAAP financial statements for 2007 were unanimously approved by our board, the Telenor Nominees voted against approval of our U.S. GAAP financial statements for 2005 and 2006. Our U.S. GAAP financial statements for 2005 and 2006, however, were approved by the requisite majority of our board. The Telenor Nominees voted against approval of these financial statements indicating that their vote against approval was due to the lack of a board approved budget, specifically with respect to URS expenditures made during the relevant periods. Although our board unanimously approved our budget for 2008, our board was unable to approve budgets for 2006 and 2007 for our company primarily due to the then continuing disagreement regarding the budget for URS. Under our charter, approval of the budget requires the approval of eight out of nine of our directors. Until the 2008 budget was approved by the board, our company s management operated VimpelCom and its subsidiaries without an approved budget, which we believe was done in accordance with Russian law and our charter. The Telenor Nominees have indicated that they disagreed with this view and there can be no assurance that Telenor, or any of our other shareholders or other parties will not challenge the actions of management with respect to the operations of our company and/or any of its subsidiaries, including any transactions, during the period when there was no board-approved budget.

In addition, although our Annual Report on Form 20-F for each of the years ended December 31, 2005 and 2006 was approved by the requisite majority of our board, the Telenor Nominees voted against approval of the reports because not all of their requested disclosures were made. We refer you to Exhibit 15.2 to our Annual Report on Form 20-F for the year ended December 31, 2005 and Exhibit 15.4 to our Annual Report on Form 20-F for the year ended December 31, 2006, each as filed with the SEC, where we have attached the Telenor Nominees requested disclosures. The disclosures contained in these exhibits should not be considered as having been made by our company. We believe the comments from the Telenor Nominees should be viewed in light of the fact that Telenor was then suing our company. We believe that the Telenor Nominees requested disclosures were either redundant and already adequately and properly disclosed or were immaterial and not required to be disclosed. Although we maintain that our prior and current disclosures regarding the URS acquisition have been made in compliance with our relevant disclosure obligations to our board and shareholders, there can be no assurance that the adequacy of our disclosure regarding the URS acquisition, the operation and funding of URS, the operation of our company without a board approved budget in 2006 and 2007, the consequences of any challenges thereto, or any other matters will not be successfully challenged by our current or former shareholders, or government regulators or others. Further developments in respect of any or all of the matters discussed in this or the preceding risk factors may ultimately have a material adverse effect on our company, its prospects, its expansion strategy and reputation and result in a default under our existing indebtedness, including the Notes.

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. All of the risks associated with the integration process and execution of our strategy could be exacerbated by the fact that Golden Telecom offers services that VimpelCom has little or no experience providing. Additionally, VimpelCom will depend to a significant extent upon the performance and contributions of Golden Telecom s senior management. 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 prove 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.

We may have material weaknesses in our internal controls over financial reporting in the future.

As a result of Golden Telecom management s evaluation of Golden Telecom s internal controls over financial reporting as of December 31, 2007, Golden Telecom s management identified five material weaknesses based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO Criteria, and concluded that internal controls over financial reporting for Golden Telecom as of December 31, 2007 were ineffective. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company s annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses identified by Golden Telecom are summarized below:

- ineffective controls over accounting for certain revenues and billing processes at Corbina and its subsidiaries, which Golden Telecom acquired on May 28, 2007;

- ineffective controls over the financial statement close process at Corbina;

- lack of controls over construction in process and fixed asset management at Corbina;

- insufficient U.S. GAAP qualified accounting and finance personnel in respect of the preparation of financial statements on a U.S. GAAP basis at Corbina; and

- material weakness in controls over the accounting for stock based compensation.

Golden Telecom s management has adopted remediation plans to address the identified material weaknesses, but there can be no assurance that these plans will be effective.

VimpelCom s management did not identify any material weaknesses in VimpelCom s internal controls over financial reporting for the year ended December 31, 2007; however, VimpelCom s management identified a number of significant deficiencies in its internal controls based on COSO Criteria. A significant deficiency is a control deficiency, or combination of control deficiencies, in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of a company s financial reporting. The significant deficiencies identified by VimpelCom s management relate to Armentel s lack of control over its information technology processes and VimpelCom s insufficient deferred tax calculation process.

Following our acquisition of Golden Telecom in February 2008, the effectiveness of Golden Telecom s internal controls over financial reporting will affect the effectiveness of our internal controls over financial reporting. We are working closely with Golden Telecom s management to remediate the material weaknesses identified by Golden Telecom s management and to integrate Golden Telecom s accounting system with our own. We are also working to improve our internal systems and internal controls to ensure proper financial reporting. As a result, we may experience difficulties in implementing new or improved internal controls over financial reporting. The existence of a material weakness or significant deficiencies could result in errors in the financial statements that could result in a restatement of financial statements or cause us to miss our reporting deadlines. The existence of one or more material weaknesses or significant deficiencies in our internal controls over financial reporting in any period would preclude a conclusion that we maintain effective internal controls over financial reporting and such material weaknesses may result in inaccuracies in our financial reporting or make our financial reports less reliable.

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

Over the course of the last three fiscal years, we have acquired companies in Armenia, Georgia, Uzbekistan, Tajikistan and Ukraine as well as in several regions of Russia. Most recently, 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 expansion and 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. Most recently, in 2006, we received a final decision from the Russian tax inspectorate with respect to the audit of our 2003 and 2004 Russian tax filings stating that we owed an additional 1,804.0 million Russian rubles in taxes, fines and penalties (which is approximately US$73.5 million at the exchange rate as of December 31, 2007). As of December 31, 2007, we have successfully challenged 733.0 million Russian rubles (or approximately US$29.9 million at the exchange rate as of December 31, 2007) of this amount and continue to challenge the final decision with respect to 879.3 million Russian rubles (or approximately US$35.8 million at the exchange rate as of December 31, 2007) in taxes, fines and penalties. For more information regarding this and other prior tax claims and their effects on our financial statements, see the sections of this Form 6-K entitled Our Company Legal Proceedings and Management s Discussion and Analysis of Financial Condition and Results of Operations, Note 18 to our consolidated financial statements included elsewhere in this Form 6-K and Note 14 to Golden Telecom s consolidated financial statements. Tax audits both in Russia and in other countries in which we operate are conducted regularly. The Russian tax inspectorate is currently auditing our 2005 and 2006 Russian tax filings. In addition, for more information concerning tax risks faced by us, 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.

One of our national competitors is MegaFon. MegaFon is the only mobile service provider to hold licenses to provide GSM-900/1800 cellular communications service in all of the regions of the Russian Federation. In addition, MegaFon has instituted unified intra-network roaming tariffs within its group of companies and may introduce unified tariffs in each of the regions in which it operates. These factors may give MegaFon a competitive advantage over us, restrict our ability to expand into all of the regions of Russia and diminish the competitive advantage we hope to enjoy from our single, integrated national network. According to independent estimates, MegaFon s nationwide market share of subscribers was approximately 20.5% as of December 31, 2007.

MegaFon has publicly reported that it is owned by Open Joint Stock Company Telecominvest (31.3%), Sonera Holding B.V. (26.0%), Limited Liability Company CT-Mobile (25.1%), Telia International AB (6.37%), Telia International Management AB (1.73%), IPOC International Growth Fund Limited (8.0%) and Limited Liability Company Contact-C (1.5%). It has been reported that Open Joint Stock Company Telecominvest is, in turn, owned 59.0% by FNH, S.A., which has been linked in the press to IPOC International Growth Fund Limited, 26.0% by TeliaSonera and 15.0% by Open Joint Stock Company North West Telecom, a subsidiary of Svyazinvest (which is effectively controlled by the Russian Government). Alfa Group acquired Limited Liability Company CT Mobile in 2003. According to press reports, the acquisition by Alfa Group was disputed by some of MegaFon s shareholders. Press reports have noted that in the past MegaFon received preferential treatment in regulatory matters and have pointed to the previous involvement of some government officials in entities related to MegaFon as potential reasons for such treatment. Furthermore, previous press reports have noted that our difficulties in obtaining frequencies in the Far East super-region may be similarly related. For more information concerning the difficulties we have faced in obtaining Far East frequencies and related litigation, please see the risk factor in this section entitled Risks Related to Our Business We face uncertainty regarding our frequency allocations and may experience limited spectrum capacity for providing wireless services. If MegaFon receives favorable treatment from government officials in the future or if our company is singled out for unfavorable treatment by government officials as a result of disputes between third parties, our business could be adversely affected.

Furthermore, our competitors have established and will continue to establish relationships with each other and with third parties. 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 could impact the average monthly service revenues per subscriber, which may have a material adverse effect on our results of operations.

Although our total average monthly service revenues per subscriber, or ARPU, increased from US$9.7 as of December 31, 2006 to US$12.1 as of December 31, 2007, we cannot assure you that our ARPU will continue to grow at the same rate or will not decline. 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.

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 and such competition has resulted in increased salary, bonus and stock-based compensation expenses. In the future, it may be increasingly difficult for us to hire qualified personnel and competition for employees could result in further increases in salary and bonus expenses and expenses relating to stock based-compensation awards. Further, 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.

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.

Due to the growth in fixed and mobile telephone use and developments in types of telecommunication services, long distance and local lines have, from time to time, become overtaxed and caused incoming and outgoing calls to have lower completion rates. 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. Although the operators of public switched telephone networks are normally responsible for these investments, their weak financial condition may prevent them from making these investments. Since we are financially strong relative to these public network operators, we may be compelled to make investments on their behalf, placing an additional burden on our financial resources. Additionally, assuming we do make investments, we may not own the assets resulting from such investments. While we cannot estimate the financial and operating burdens associated with such investments, they may be substantial and may have a material adverse effect on our business, and financial condition and results of operations.

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

We have substantial amounts of outstanding indebtedness. As of December 31, 2007, the aggregate principal on our total outstanding indebtedness was approximately US$2,766.6 million on an actual basis, and US$6,673.5 million on a pro forma basis after giving effect to the GTI Acquisition, the GTI Financing Transactions and the Other Financing Transactions. For more information regarding our outstanding indebtedness, see the sections of this Form 6-K entitled Management s Discussion and Analysis Liquidity and Capital Resources Financing activities and Unaudited Pro Forma Condensed Combined Financial Statements.

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, of 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.

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 and related payment restrictions, see Management s Discussion and Analysis of Financial Condition and Results of Operations 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.

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 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 34.1%, 35.1% and 30.4% in 2007, 2006 and 2005, respectively. 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.

Covenants in our debt agreements restrict our ability to borrow and invest, which could impair 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 Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing activities) contain a number of different covenants that impose on us certain operating and financial restrictions. These restrictions 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 within our group. A failure to comply with these restrictions would constitute a default under the relevant loan and vendor financing agreements discussed above 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 anticipate that we will need additional capital and we may not be able to raise it.

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 revenue and ARPU growth. In addition, we are currently actively pursuing further opportunities for expansion. We cannot, however, give you any assurance of the exact amount that we will invest in acquiring other companies or assets or that we will be able to complete any such acquisitions successfully. If we make any further significant acquisitions beyond what is currently contemplated, we will need to increase the amount of additional debt financing over this period above the amount currently projected. 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 rise in interest rates in the United States or the European Union or deterioration in the availability of financing, we may not be able to borrow money within the 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 may be negatively affected. This could cause us 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.

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 acquisition of Golden Telecom and its recent acquisitions of a number of companies, 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;

political economic, social, legal and regulatory developments and uncertainties in each jurisdiction; and

claims by third parties challenging our ownership or otherwise.

Our company is actively pursuing 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.

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, Limited Liability Partnership KaR-Tel, or 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 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 Form 6-K entitled Our 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 50.0% less one share of KaR-Tel s parent company, Limnotex Developments Limited, or Limnotex, where VimpelCom owns the remaining 50.0% plus one share. 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 LLC 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 SkyMobile 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 SkyMobile, 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 Form 6-K entitled Our Company Mobile Telecommunications Licenses and Our Company Fixed-line, Data and Long Distance Licenses.

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 or use of frequencies, or if extensions requested are not granted and/or action is taken against our company or our subsidiaries, our business could be materially adversely affected. Our subsidiary in Kazakhstan has not fully complied with the coverage conditions of its GSM license. Although, this subsidiary has received extensions for compliance in the past, we cannot assure you that this subsidiary will comply with the new conditions on a timely basis or at all or that further extensions will be granted.

If we fail to meet the requirements of our licenses or if we do not comply with the legislative requirements regulating the communications area, 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 period 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 or revoke 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.

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 or termination of any of our licenses or refusal to renew our licenses could materially adversely affect our business, financial condition and results of operations.

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 2008 to 2016. If renewed, our licenses may contain additional obligations, including payment obligations, or may cover reduced service areas or scope of service. If our licenses for provision of telecommunications services are not renewed, our business could be materially adversely affected. For more information, please see the section of this Form 6-K entitled Our 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 any of our frequency allocations could affect our ability to provide services and materially adversely affect our business, financial condition and results of operations.

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 provide telecommunications services depends on our ability to secure and maintain interconnect agreements with owners of fixed-line networks in Russia and the other countries in which we operate. 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. Golden Telecom s fixed-line network also depends upon interconnection with other operators to provide international, national and inter-zonal coverage. VimpelCom s current interconnect agreements with incumbent operators may be terminated annually by the respective operator. Golden Telecom s interconnect agreements expire in various years between 2008 and 2014. It is possible that in the future our interconnect agreements may not be renewed or not renewed on a timely basis or on commercially reasonable terms.

Further, our ability to interconnect with the public switched telephone network and other local, domestic and international networks, as well as directly with other wireless networks, in a cost-effective manner is critical to the economic viability of our operations. 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 as the public telephone networks begin to adjust their fee structures in Russia to reflect operating costs, which, in turn, will increase our operating costs. We currently have numbering capacity agreements with a small number of telecommunications providers in Moscow, some of which are affiliated with our main competitor, MTS. Additionally, we are contractually obligated to obtain the consent of certain of these companies to use local Moscow lines from other telecommunications providers.

Some of our competitors control or own stakes in fixed-line operators and may obtain control of fixed-line operators in the future. Our competitors may use their position to impede our ability to interconnect with other networks and our ability to provide services cost-effectively or at all could be hindered. Rostelecom is a competitor of Golden Telecom and we rely on Rostelecom networks to provide certain services to our customers, such as domestic long distance services. There are plans to privatize Svyazinvest, which controls several regional fixed-line operators in Russia and in December 2006 an affiliate of MTS acquired 25.0% plus one share of Svyazinvest. The recent reorganization of the Ukrainian telecommunications sector may have strengthened the position of the monopoly incumbent operator, Ukrtelecom, 93.0% of which is owned by the Ukrainian government. There are plans to privatize Ukrtelecom. In Kazakhstan, the national fixed-line monopolist, KazakhTelecom, is affiliated with our competitors and there can be no assurance that it will not act in a discriminatory manner.

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. We expect that our major competitors have also applied for and received or will receive licenses to provide long distance and international communications services. We believe that the issuance of the license for long distance and international communications services will lessen our reliance on third party providers of these services. However, until we receive access codes, we cannot begin to provide long distance and international communications services. Accordingly, we may continue to be required to enter into costly interconnect agreements with long distance and international communications providers, which may place us at a competitive disadvantage and which may materially adversely affect our business, financial condition and results of operations.

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.

Increasing the capacity of our networks and the further expansion and integration of the geographic coverage of our networks in Russia and the CIS are important components of our plan to increase our subscriber base and service capabilities. In the future, we may be required to make significant changes and upgrades to our infrastructure in order to expand our networks, including moving to a completely new infrastructure. If we are required to replace network infrastructure, we may incur substantial costs and experience delays or interruptions in our operations. Any loss of traffic, increased costs, inefficiencies or failures to adapt to new technologies and the associated adjustments to our infrastructure could have a material adverse effect on our business, financial condition and results of operations.

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.

Historically, Golden Telecom has leased a substantial portion of its network transmission capacity under agreements that generally have one- to three-year fixed terms. Golden Telecom relies on third parties ability to provide data transmission capacity. These third parties themselves, in turn, may be receiving capacity from others. If Golden Telecom s lease arrangements deteriorate or terminate and it is unable to enter into new arrangements or if the entities from which Golden Telecom leases such capacity are unable to perform their obligations under these arrangements, Golden Telecom s cost structure, service quality and scope of its network coverage could be adversely affected.

In Russia and Ukraine, Golden Telecom is currently dependent on Svyazinvest and Ukrtelecom, respectively, for the provision of leased lines and/or interconnect circuits. A failure by these operators to provide such leased lines and/or interconnect circuits in accordance with Golden Telecom s plans or to satisfy the demands of Golden Telecom s customers on certain routes may result in capacity constraints, which in turn could have an adverse effect on Golden Telecom s operations. Golden Telecom also currently provides international switched voice, data and IP services in Russia by relying on Rostelecom and other providers to provide leased transmission capacity within Russia. Golden Telecom relies on local operators for last-mile access to end-users. These companies may for business or political reasons resist giving Golden Telecom last-mile access. Any changes in regulation or policies that restrict Golden Telecom from leasing adequate capacity could have a material adverse effect on its business.

The failure of Rostelecom, local operators or any other provider to comply with lease arrangements or Golden Telecom s inability to obtain other long-term leases on a timely basis or maintain existing leases for fiber optic cable or transmission capacity would prevent Golden Telecom from deploying and operating its network as planned. This could have a material adverse effect on our ability to operate Golden Telecom s business.

We face uncertainty regarding our frequency allocations and may experience limited spectrum capacity for providing wireless services.

In order to commence testing operations in specific cities in our GSM license areas, we have applied for and received minimal frequency assignments in each of the cities in which we have commenced operations. As we build out our operations in our GSM license areas, we submit a frequency application and a site plan to the appropriate bodies for approval. Depending on availability, specific frequencies in specific areas in each of our GSM license areas may be allocated to us. We have in the past been unable to obtain the necessary frequency allocations. 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 Form 6-K entitled Our Company Legal Proceedings.

If we fail to obtain renewals or extensions of our frequency allocations for our GSM and other networks, our business could be harmed.

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 we fail to obtain renewals or extensions of our frequency allocations for our networks or if other license holders are granted overlapping frequencies, our business could be materially adversely affected. Depending on the growth of our business in our other license areas, the failure to obtain renewal or extension of any other frequency allocations could also materially adversely affect our business.

The frequency allocations for our networks are limited in comparison to the frequencies allocated to mobile service providers in other countries. Our limited frequency allocations could cause us to incur significant additional costs in building out our networks, interfere with our ability to provide mobile services and limit our growth, all of which might harm our business.

Failure to obtain all permits required to use frequencies or operate telecommunications equipment could result in a disruption of our business.

The laws of Russia and the CIS 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 as a consequence of the announced reorganization of the telecommunications related regulatory authorities in Russia.

We also regularly receive notices from Rossvyazokhrankultura 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 CIS regulations and notices from CIS regulatory authorities. Any failure by our company to cure such violations could result in the applicable license being suspended or 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 or 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 regions of Russia and the CIS. 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 in the regions of Russia and/or the CIS than it is for our competitors (including MTS and MegaFon and their respective affiliates) that entered markets and established a local presence in some cases years before we did. The mobile markets in the CIS are significant to our company, MTS and MegaFon as the rate of subscriber growth in Russia has significantly slowed as a result of oversaturation. If we are not successful in penetrating markets in the CIS, our business may be materially adversely affected.

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. Additional GSM licenses are scheduled to be issued in Ukraine and Armenia in the near future and it has been reported that the government of Armenia is planning to deregulate 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 and Ukrtelecom in Ukraine, 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. A Russian operator has challenged the validity of the tenders that led to the license being awarded. There can be no assurance that this challenge will not result in the revocation of our 3G license. Part of the frequency spectra 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 September 2007 we signed a principal agreement that contemplates formation of a joint venture to provide mobile services in Vietnam. We have continued negotiations and expect that the terms of the joint venture agreement, if concluded, will differ from the terms contemplated by the principle agreement. Formation of the Vietnamese joint venture is subject to further negotiation and agreement on definitive documentation, corporate approvals for the parties and regulatory approvals. There can be no assurance that the parties will agree on the final terms of formation of the joint venture, that the necessary corporate or regulatory approvals will be obtained or that we will be able to develop the joint venture as contemplated. For more information about the joint venture in Vietnam, please see the section of this Form 6-K entitled Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Investing activities Recent Transactions.

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;
- 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, 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.

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 the CIS in local currencies in most of our CIS operations. As we continue to have U.S. dollar 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. 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. To the extent permitted by Russian law, 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. 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 Form 6-K entitled Management s Discussion and Analysis Quantitative and Qualitative Disclosures About Market Risk.

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 longterm 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, 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.

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%. Despite the fact that inflation has remained relatively stable in Russia during the past few years, 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.

Our business could be materially adversely affected if we fail to implement the necessary operating systems and processes to support our growth.

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.

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 anti-monopoly regulator and the consumer protection regulator alleging violations of consumer rights and advertising regulations in the past and 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%. 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%. If the anti-monopoly regulator were to determine that our company has 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. We could be subject to anti-monopoly regulation in the future, 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 business could be materially adversely affected if our equipment supply arrangements are terminated or interrupted.

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 equipment and systems may be subject to disruption and failure, which could cause us to lose customers and violate our licenses.

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. Although, to date, most computer viruses have targeted computer networks, other telecommunications networks are also at risk. 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. Under an interpretation of applicable Russian law, this agreement may need to be registered with the Russian Ministry of Property. Sovintel has been unable to register this agreement despite repeated attempts to do so. As a result, Sovintel may lose its right to continue occupying the premises, which 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.

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. CJSC Cortec and LLC Kolangon-Optim had negative net assets for the past year.We believe that these subsidiaries are solvent and continue to meet all of their obligations to creditors, however, if an involuntary liquidation of our subsidiaries 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.

No standard definition of a subscriber exists in the mobile telecommunications industry; therefore, comparisons between subscriber data of different companies may be difficult to draw. Other calculations, including those for minutes of usage, also vary within the mobile telecommunications industry.

The methodology for calculating subscriber numbers and related performance indicators varies substantially in the mobile industry, including among the leading mobile operators in Russia and the CIS, resulting in variances in reported mobile data. Mobile operators with a large proportion of prepaid subscribers typically determine subscriber figures by calculating the number of SIM cards in use. This could in some instances lead to double counting of subscribers and an inflated customer base. We determine our mobile subscriber figures on the basis of a subscriber s activity. Specifically, our mobile subscriber is a subscriber whose activity resulted in income to our company during the most recent three months. There may also be a discrepancy in subscriber numbers caused by a difference in the churn policies of mobile service operators. Because different mobile operators may use different methods of calculating subscriber figures, there is a risk that our company may appear to be performing better or worse than our competitors than would be the case if all operators used the same method of calculating subscriber figures. The methodology for calculating other performance indicators also vary among mobile operators. For example, the methodology we use for calculating our minutes of usage and ARPU may differ from some other operators and, therefore, it may be difficult to draw comparisons of minutes of usage figures between different mobile telecommunications companies.

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 before making an investment in the Notes.

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. 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 growing 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. While as a general matter political and economic stability has been maintained in Russia, changes in government, including the recent election of a new president in March 2008, may have an unpredictable effect on the political and economic landscape in the country. 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.

Risks Related to the Economic Situation in Russia and the CIS

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, there can be no assurance that such trends will continue or will not reverse abruptly. Such a reverse can potentially be triggered by a slowdown or recession in the U.S. economy which may negatively impact the entire global economy. Additionally, 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. Future downturns in the economies of Russia and the CIS are possible and 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 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. Any efforts to modernize this 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 market downturns or economic slowdowns, in particular due to Russian corporate defaults that may occur during these times. Rumors of bank failures, additional bank failures and any downgrade of Russian banks by credit rating agencies may result in a crisis throughout the Russian banking sector. 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.

The banking and financial systems in the CIS are even less developed than in Russia and may be more susceptible to economic downturns and bank failures. Few international banks have subsidiaries in Kazakhstan, Uzbekistan, Ukraine and Armenia and no international banks operate subsidiaries in Tajikistan and Georgia. We try to reduce our bank 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 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 Form 6-K 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 Form 6-K, 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;
- 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.

According to press reports, amendments to the Communications Law have been proposed for consideration by the Russian State Duma, pursuant to which a mobile operator s ability to set tariffs for interconnection and transfer of traffic will be regulated if the mobile operator owns more than 25.0% of the telephone numbers allocated in a specified geographic area or has the ability to transfer at least 25.0% of the traffic in a geographic area. If the proposed amendments are adopted and come into force, our ability to set tariffs could be restricted and 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.

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. 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 many, but not all, violations found by the regulators within the applicable grace period and/or pay fines. However, 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 and 2007, in order to comply with notices from Rossvyazokhrankultura, 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 Rossvyazokhrankultura 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 Rossvyazokhrankultura or any other authority will not result in the imposition of fines or penalties or more severe sanctions, including the suspension or 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.

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.

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.

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. On April 16, 2008, the Russian parliament passed legislation that would restrict the level of foreign investment in certain sectors of the Russian economy considered to be strategic. The legislation, known as the Strategic Enterprises Bill, places limits on the amount of foreign investment in companies operating in these strategic sectors and foreign investment beyond such limits generally requires the prior approval of the Russian government. Pursuant to the Strategic Enterprises Bill, 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 Strategic Enterprises Bill, 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 if its share of the Russian mobile telecommunications market exceeds 25.0%. In its report dated December 31, 2007, AC&M Consulting stated that our company along with our two most significant competitors, had approximately 84.0% of the mobile telecommunications market in Russia. There can be no assurance that the current Strategic Enterprises Bill will become law and if it does become law and its provisions are enforced against our company whether limits on foreign investment would 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 it guarantees 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 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, are 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.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements have been prepared to illustrate the estimated pro forma effects of the GTI Acquisition, the GTI Financing Transactions and the Other Financing Transactions. The unaudited pro forma condensed combined balance sheet gives effect to the GTI Acquisition, the GTI Financing Transactions and the Other Financing Transactions as if they had occurred on December 31, 2007. The unaudited pro forma condensed combined income statement gives effect to the GTI Acquisition, the GTI Financing Transactions and the Other Financing Transactions and as if they had occurred on January 1, 2007. This financial information has been derived from VimpelCom s audited consolidated financial statements for its fiscal year ended December 31, 2007 and from Golden Telecom s audited consolidated financial statements for its fiscal year ended December 31, 2007.

The GTI Acquisition will be accounted for using the purchase method of accounting. The total cost of the GTI Acquisition has been preliminarily allocated to the assets acquired and liabilities assumed based upon their respective fair values. We expect that the assessment of fair values of acquired assets and liabilities assumed will be finalized during preparation of our financial statements for the three months ended March 31, 2008. We do not expect significant changes to be introduced to the preliminary fair value assessments.

The following unaudited pro forma condensed combined financial statements are presented for illustrative purposes only, do not purport to be indicative of our financial position or results of operations as of the date hereof, or as of or for any other future date, and are not necessarily indicative of what our actual financial position or results of operations would have been had the foregoing transactions occurred on January 1, 2007 (in the case of the unaudited pro forma condensed combined income statement) or December 31, 2007 (in the case of the unaudited pro forma condensed combined balance sheet), nor does it give effect to any transactions other than the GTI Acquisition, the GTI Financing Transactions and the Other Financing Transactions and those described in the accompanying notes to the unaudited pro forma condensed combined financial statements.

The following unaudited pro forma condensed combined financial statements are based upon the historical financial statements of VimpelCom and Golden Telecom and should be read in conjunction with such historical financial statements, their related notes and the other information contained elsewhere in this Form 6-K. The accounting policies of both VimpelCom and Golden Telecom do not contain any significant differences, and therefore no material adjustments other than reclassifications have been made to Golden Telecom s historical financial statements in connection with the preparation of the unaudited pro forma condensed combined financial statements. Reclassifications were used to eliminate the differences between the presentation of similar items (mainly certain selling, general and administrative expenses, direct costs and other income and expenses) in VimpelCom s and Golden Telecom s financial statements.

Unaudited Pro Forma Condensed Combined Balance Sheet

as of December 31, 2007

	Historical VimpelCom	Historical Golden Telecom (USD in thousands)	Pro forma Adjustments	Note	Pro forma Combined
Assets					
Current assets					
Cash	US$ 1,003,711	US$ 74,799	3,460,500	[1]	US$ 223,714
			(4,097,763)	[2]	
			(208,222)	[3]	
			(9,311)	[4]	
Other current assets	723,206	325,637	(10,678)	[5]	1,026,378
			(11,787)	[7]	
Total current assets	1,726,917	400,436	(877,261)		1,250,092
Non-current assets					
Property and equipment, net	5,497,819	979,498	117,902	[5]	6,595,219
Licenses, software and other intangible assets	1,800,528	249,585	789,165	[5]	2,839,278
Goodwill	1,039,816	311,482	2,390,577	[5]	3,741,875
Other non-current assets	503,804	57,890	39,500	[1]	738,944
			(200,170)	[2]	
			350,000	[3]	
			(12,080)	[5]	
Total non-current assets	8,841,967	1,598,455	3,474,894		13,915,316
Total assets	US$ 10,568,884	US$ 1,998,891	US$ 2,597,633		US$ 15,165,408
Liabilities and shareholders equity					
Current liabilities					
Accounts payable, due to employees and taxes payable	860,001	237,011	19,600	[4]	US$ 1,113,186
			12,729	[2]	
			(4,368)	[5]	
			(11,787)	[7]	
Accrued liabilities and other current liabilities	613,188	64,846	(26,600)	[5]	651,434
Bank, capital lease and other loans	526,512	20,860	400,000	[1]	900,150
			(47,222)	[3]	
Total current liabilities	1,999,701	322,717	342,352		2,664,770
Long-term liabilities					

Bank, capital lease and other loans, less current	2,240,097	233,288	3,100,000	[1]	5,773,385
			200,000	[3]	
Other long-term accrued liabilities	628,890	133,647	4,553	[2]	943,880
			176,790	[5]	
Total long-term liabilities	2,868,987	366,935	3,481,343		6,717,265
Minority Interest	288,410	94,177			382,587
Shareholders equity	5,411,786	1,215,062	(11,000)	[3]	5,400,786
			(28,911)	[4]	
			(1,186,151)	[5]	
Total liabilities and shareholders equity	US$ 10,568,884	US$ 1,998,891	US$ 2,597,633		US$ 15,165,408

Unaudited Pro Forma Condensed Combined Income Statement

for the year ended December 31, 2007

	Historical VimpelCom	Historical Golden Telecom	Pro forma Adjustments	Note	Pro forma Combined
			(USD in thousands)		
Total operating revenues	US$ 7,171,098	US$ 1,292,899	(21,634)	[6]	US$ 8,360,728
			(81,635)	[7]	
Operating expenses					
Service costs	1,315,114	595,209	(4,355)	[6]	1,824,752
			(81,216)	[7]	
Total selling, general and administrative expenses	2,259,241	391,592	(419)	[7]	2,650,414
Depreciation and amortization	1,390,553	140,417	134,723	[8]	1,665,693
Total operating expenses	4,964,908	1,127,218	48,733		6,140,859
Operating income	2,206,190	165,681	(152,002)		2,219,869
Other income and expenses:					
Interest expense	(194,839)	(13,138)	(230,746)	[9]	(438,723)
Other income and expenses:	109,005	65,977			174,982
Income before income tax and minority interests	2,120,356	218,520	(382,748)		1,956,128
Provision for income taxes	593,928	58,311	(4,147)	[6]	560,379
			(32,334)	[8]	
			(55,379)	[9]	
Minority interest in earning of subsidiaries	63,722	7,610			71,332
Net income	US$ 1,462,706	US$ 152,599	US$ (290,888)		US$ 1,324,417
Earnings per share	US$ 28.78				US$ 26.06

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

(USD in thousands)

[1] Represents expected net cash proceeds to the company from the Loan and other loans obtained to finance the GTI Acquisition:

Increase in Cash and increase in Bank, capital lease and other loans, less current due to:

Receipt of Syndicated Facility (with 3 years maturity at LIBOR plus 1.5%-1.85% annual rate)	US$ 2,000,000
Loan (with 10 years maturity at 9.0% annual rate)	1,500,000
Decrease in cash and increase in Other non-current assets due to:	
Actual payment of financing costs in respect of the Syndicated Facility	(26,500)
Estimated payment of financing costs in respect of the offer of the notes	(13,000)
Net cash obtained for financing the GTI Acquisition	**US$ 3,460,500**

The conditions of the Loan, including estimation of interest rate, maturity and amount of financing to be raised, are preliminary and subject to changes after its finalization. We have assumed that the proceeds from the Loan will be US$1,500,000 and will be used to repay the Bridge Facility in full. We expect that the Loan and receipt of the Syndicated Facility would not cause violation of any covenants of existing and anticipated debt. The Syndicated Facility provides for increasing of the interest rate margin from 1.5% to 1.85% in case of a downgrading of our credit rating. We do not expect the downgrading of our credit rating, and for the purpose of the preparation of the unaudited pro forma condensed combined financial statements the fixed margin of 1.5% is assumed.

The Syndicated Facility repayment schedule assumes semi-annual installments after 12 months from the signing date. Assuming the GTI Financing Transactions and directly attributable events, including the receipt of the Syndicated Facility, occurred as of December 31, 2007, we classified $400,000 of the Syndicated Facility as a short-term Bank, capital lease and other loans.

[2] Represents consideration for Golden Telecom:

Stock price (40,373,891 shares per US$105 each)	US$ 4,239,259
Stock based compensation vested as of date of acquisition	42,498
Legal, due diligence and other acquisition costs	16,176
Unvested part of stock based compensation	17,282
Total purchase price of Golden Telecom	**4,315,215**
- paid from bank accounts	4,097,763
- paid from escrow account	200,170
- short-term liabilities assumed	12,729
- long-term liabilities assumed	4,553

[3] Reflects the effect of certain subsequent events that occurred after the reporting date but considered to be significant for the understanding of financial position of our company as of the acquisition date

Receipt of long-term loan from Sberbank	US$ 200,000
Payment of fees for Bridge Facility	(11,000)
Repayment of short-term syndicated loan	(47,222)
Providing long-term loan to Crowell	(350,000)
Net cash paid	US$ (208,222)

[4] Represents subsequent events affecting Golden Telecom s net assets as of the date of acquisition. In 2008, Golden Telecom incurred certain expenses in connection with the merger, including payments to key employees, acceleration of unvested parts of stock options and stock appreciation rights for change of control, in the amount of $9,311, and legal and investment banking fees in the amount of $19,600. We consider these transactions as significant nonrecurring events which occurred after December 31, 2007 and, therefore, introduced adjustments to the unaudited pro forma condensed combined balance sheet:

Book value of net assets as of December 31, 2007	$ 1,215,062
Payment to key employees and other bonuses	(9,311)
Accrual of fees	(19,600)
Book value of net assets adjusted as of December 31, 2007	$ 1,186,151

[5] Represents preliminary fair value adjustment to the acquired assets and assumed liabilities from the GTI Acquisition. The preliminary purchase accounting has been applied to the Golden Telecom balance sheet as of December 31, 2007. The fair value allocation has been done based on a preliminary assessment, including the assistance of external appraisers. The actual purchase accounting will be recorded as of the date of acquisition in the financial statements of our company in the first quarter of 2008. According to SFAS 141, we have one year to finalize allocations of fair value if assumptions are reassessed or events occur.

Approximate fair values as of December 31, 2007 and remaining useful lives are as follows:

	Fair value	Years
Licenses	$ 146,350	1-12
Trade names	192,000	5-7
Customer relationships	693,000	Various
Software	7,400	1-10
Total fair value of licenses, software and other intangibles	1,038,750	
Total book value	249,585	
Adjustment	**$ 789,165**	
Telecommunication equipment	$ 769,200	3-12
Buildings, constructions and improvements	60,200	3-43
Vehicles	10,500	7
Office and other equipment	41,300	3-7
Construction in progress and other items	216,200	n/a
Total fair value of property and equipment	1,097,400	
Total book value	979,498	
Adjustment	**$ 117,902**	

Customer relationships will be amortized using the pattern of consumption of economic benefit associated with them. Amortization for the next five years is as follows:

Year	US$ Amount
2008	86,154
2009	101,330
2010	94,203
2011	75,497
2012	62,871

Reconciliation of total purchase price to goodwill is as follows:

Total purchase price of Golden Telecom	US$ 4,315,215
Less book value of net assets acquired as of December 31, 2007 adjusted for transactions described in Note 4	1,186,151
Reverse of previously recognized goodwill	(311,482)
Add preliminary adjustment to fair values of:	
Property and equipment	117,902
Licenses and other intangible assets	789,165
Other non-current assets	(12,080)
Other current assets	(10,678)
Accounts payable, due to employees, taxes payable and bank and other loans, current	4,368
Accrued liabilities and other current liabilities	26,600
Long-term deferred taxes	(226,677)
Other long-term accrued liabilities	49,887
Total fair value of adjusted net assets acquired	1,613,156
Goodwill	**US$ 2,702,059**

[6] Prior to the GTI Acquisition, Golden Telecom had deferred, in accordance with SAB 104, upfront fees associated with the installation of lines at customer premises. Although required to be deferred over the expected customer relationship period, these revenues, and the associated service, have already been delivered, that is, Golden Telecom has no further contractual commitments to deliver this installation as it has already been performed. If the GTI Acquisition had occurred as of January 1, 2007, the revenue recognized under SAB 104 would not have existed as the fair value of that deferred revenue is considered to be zero as to the acquisition date. Therefore this pro forma adjustment consists of the reversal of amortization of deferred revenue and the associated amortization of deferred costs accrued in accordance with SAB 104 adjusted at the date of acquisition as well as related provision for income taxes at the statutory rate of 24.0%.

[7] Reflects elimination of intercompany settlements and operations.

Accounts receivable of VIP from GTI	$ 6,503
Accounts payable of VIP to GTI	5,284
Total elimination from accounts receivable/payable	**$ 11,787**
Interconnect revenue of VIP from GTI	$ 27,940
Interconnect, rent of lines and other service cost of GTI to VIP	53,276
Dealer commission of GTI to VIP	419
Total elimination from operation revenues/expenses	**$ 81,635**

[8] As required by purchase accounting in connection with the GTI Acquisition, we recorded a net increase to Property and equipment, net and Licenses, software and other intangible assets reflecting the difference between book values and fair values. A pro forma adjustment has been made to reflect additional depreciation in the amount of US$17,981, additional amortization of US$116,742 and provision for income taxes adjustment at the statutory rate of 24.0% as if the acquisition had occurred as of January 1, 2007 and therefore we applied average exchange rate 25.58 Russian rubles per U.S. dollar. We did not identify intangibles with indefinite useful life except for goodwill.

[9] Reflects interest expense and the amortization of deferred financing fees adjustment resulted from the Loan and Syndicated Facility and provision for income tax adjustment at the statutory rate of 24.0% assuming the borrowing occurred as of January 1, 2007. In calculation of interest expense and effect of amortization of debt issuance costs associated with the Loan we assumed 9.0% annual rate and 10 year maturity. Interest expense of Syndicated Facility was calculated using 12-month LIBOR as of the date of actual borrowing of February 19, 2008 plus 1.5%; three-year maturity period is used for straight-line amortization of related debt issuance costs (for details please also refer to Note 1 above):

	Loan	**Syndicated Facility**	**Total**
Debt financing fee amortization	(1,300)	(8,833)	**(10,133)**
Interest expense	(135,000)	(85,613)	**(220,613)**

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements and their related notes included elsewhere in this Form 6-K. This discussion contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward looking statements as a result of numerous factors, including the risks discussed in the section of this Form 6-K entitled Risk Factors and elsewhere in this Form 6-K.

Unless otherwise indicated, historical information in this discussion and analysis relates to VimpelCom, while forward looking statements made in this discussion and analysis relate to our company, including Golden Telecom.

Overview

We are a telecommunications operator, providing voice and data services through a range of wireless, fixed and broadband technologies. The VimpelCom group of companies includes companies operating in Russia, Kazakhstan, Ukraine, Uzbekistan, Armenia, Tajikistan and Georgia, covering territory with a total population of approximately 250.0 million. On February 28, 2008, we completed the acquisition of 100.0% of the outstanding shares of Golden Telecom, Inc., a leading provider of fixed-line telecommunications and Internet services in major population centers throughout Russia and other countries in the CIS. With our acquisition of Golden Telecom, we plan to transform VimpelCom into a leading integrated telecommunications provider in Russia and the CIS.

Our net operating revenues were US$7,171.1 million for the year ended December 31, 2007, compared to US$4,868.0 million for the year ended December 31, 2006. Our operating income was US$2,206.2 million for the year ended December 31, 2007, compared to US$1,397.3 million for the year ended December 31, 2006. Our net income was US$1,462.7 million for the year ended December 31, 2007, compared to US$811.5 million for the year ended December 31, 2006. On a pro forma basis after giving effect to the Golden Telecom acquisition, for the year ended December 31, 2007 our net operating revenues would have been US$8,360.7 million, our operating income would have been US$2,219.9 million and our net income would have been US$1,324.4 million.

As of December 31, 2007, our total number of 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, 2006, our total number of mobile subscribers in Russia and the CIS was 45.5 million (including 39.8 million in Russia, 3.1 million in Kazakhstan, 0.7 million in Uzbekistan, 1.5 million in Ukraine, 0.4 million in Armenia and 0.07 million in Tajikistan). As of December 31, 2007, Golden Telecom s Business and Corporate Services line of business had 508,904 customer contracts and its Carrier and Operator Services line of business had 4,251 customer contracts. As of December 31, 2007, Golden Telecom had 471,487 broadband subscribers and approximately 36,500 mobile subscribers.

We currently operate our mobile telecommunications services in Russia, Kazakhstan, Ukraine, Armenia, Tajikistan, Uzbekistan and Georgia primarily under the Beeline brand name. In Russia and other countries in the CIS, we offer many of our other fixed-line telecommunications and related services and Internet services under the Golden Telecom brand name, although, some recently acquired services still carry local brands.

Our selected financial data, consolidated financial statements and related notes included elsewhere in this Form 6-K and the following discussion and analysis reflect the contribution of the operators we acquired in the CIS countries from their respect dates of acquisition, and, as a result, include only two months of operating results for Ukraine for the fiscal year ended December 31, 2005, only 11 months of operating results for Uzbekistan for the fiscal year ended December 31, 2006, less than two months of operating results for Armenia for the fiscal year ended December 31, 2006, and six months of operating results for Georgia for fiscal year ended December 31, 2006.

Reportable Segments

As of December 31, 2007, our reportable segments were geographically based and included: (1) Russia, which includes the operating results of VimpelCom and all of our subsidiaries operating in Russia; (2) Kazakhstan, which includes the operating results of KaR-Tel and all of its subsidiaries; (3) Ukraine, which includes the operating results of URS; (4) Tajikistan, which includes the operating results of Tacom; (5) Uzbekistan, which includes the operating results of Unitel; (6) Georgia, which includes the operating results of Mobitel; and (7) Armenia, which includes the operating results of ArmenTel and its subsidiaries. Our management analyzes the reportable segments separately because of the different economic environments and the different stages of development of the markets for mobile telecommunications services in Russia compared to the CIS, which requires different investment and marketing strategies. For more information on our reportable segments, please see Note 16 to our audited consolidated financial statements included elsewhere in this Form 6-K.

As of December 31, 2007, Golden Telecom s reportable segments were: (1) Business and Corporate Services; (2) Carrier and Operator Services; (3) Consumer Internet Services; and (4) Mobile Services. For more information on Golden Telecom s reportable segments, please see Note 16 to Golden Telecom s audited consolidated financial statements.

We are in the process of assessing our segment reporting as a result of our acquisition of Golden Telecom.

Recent Developments

On December 21, 2007, two of our subsidiaries and Golden Telecom, a facilities-based provider of integrated telecommunications and Internet services in the Russian Federation, signed a definitive merger agreement pursuant to which an indirect wholly-owned subsidiary of our company commenced a tender offer on January 18, 2008, to acquire 100.0% of the outstanding shares of Golden Telecom s common stock at a price of US$105.0 per share in cash. The initial tender offer period and subsequent tender offer period closed on February 26, 2008 with 94.4% of the outstanding shares of Golden Telecom s common stock being tendered. On February 28, 2008, our indirect wholly-owned subsidiary was merged with and into Golden Telecom and Golden Telecom became our indirect wholly-owned subsidiary. The total purchase price for 100.0% of the shares of Golden Telecom was US$4,315.2 million. In connection with the merger, the outstanding and unvested employee stock options and stock appreciation rights relating to Golden Telecom s common stock were converted into the right to receive US$105.0 in cash less the exercise price relating to such options and US$53.8 in cash less the exercise price relating to such rights, respectively. The right to receive such payments continues to vest in accordance with the original vesting schedules for such options and rights.

In connection with our acquisition of Golden Telecom, on February 8, 2008, we entered into a facility agreement with ABN AMRO Bank N.V., London Branch, Barclays Capital, BNP Paribas, CALYON, Citibank, N.A., HSBC Bank plc, ING Bank N.V. and UBS Limited as mandated lead arrangers and bookrunners and Citibank International plc as agent. The facility comprises a 12-month bridge facility in an aggregate principal amount of US$1,500.0 million, maturing on February 8, 2009, and a syndicated three-year term loan facility in an aggregate principal amount of US$2,000.0 million, maturing on February 8, 2011. The bridge facility bears interest at a rate of LIBOR plus 0.75% per annum for the first six months, LIBOR plus 1.0% per annum for the next three months and LIBOR plus 1.25% per annum thereafter. The term loan facility bears interest at a rate of LIBOR plus 1.5% per annum. On February 19, 2008, we drew down US$3,500.0 million under this facility agreement. As of the date of this Form 6-K, the principal amount outstanding under this facility is US$3,500.0 million.

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 50.0% less one share of KaR-Tel s parent company, Limnotex Developments Limited, or Limnotex. 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 LLC 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.

On February 14, 2008, we signed a five-year loan agreement with Sberbank. The loan is for an aggregate principal amount of the Russian ruble equivalent of US$750.0 million and matures on February 13, 2013. The loan bears interest at a rate of 9.5% per annum for the first two years and 9.25% per annum for the third and subsequent years. On February 29, 2008, we drew down the Russian ruble equivalent of US$200.0 million under this loan. As of the date of this Form 6-K, the principal amount outstanding under this loan is US$200.0 million.

Trends in Operating Results

We have experienced significant growth in both our net operating revenues and operating income in recent years. We have increased both our operating revenues and operating income primarily by increasing our total mobile subscriber base, as well as by extracting additional revenues from our existing mobile subscribers. Our mobile subscriber base increased to 51.7 million as of December 31, 2007, from 45.5 million as of December 31, 2006. As of December 31, 2007, our operations in Russia and the CIS had 2.4 million and 3.8 million, respectively, net additional mobile subscribers. In the future, we expect our mobile subscriber growth will come primarily from our operations in countries where the mobile markets have not reached saturation, specifically, Kazakhstan, Uzbekistan, Armenia, Tajikistan and Georgia.

In 2007, the growth in our net operating revenues and operating income came predominantly from Russia, which represented 84.9% of our net consolidated operating revenue and 90.3% of our consolidated operating income, as compared to 90.4% and 100.4%, respectively, for 2006. The Russian mobile market, however, has approached saturation and as a result, we no longer expect to see large increases in our subscriber base in Russia. Even though our mobile subscriber base in Russia continued to grow, our total mobile subscriber market share in Russia decreased to 29.9% as of December 31, 2007, from 31.7%, as of December 31, 2006, and from 34.3% as of December 31, 2005. Such decreases were in large part due to intensified competition and marketing efforts by our competitors in Russia. As the mobile market in Russia has approached saturation, we are focusing less on subscriber market share growth and more on revenue growth in Russia.

In 2007, our total average monthly service revenues per subscriber, or ARPU, grew to US$12.1 from US$9.7 in 2006. This marked the second year in a row in which our total ARPU increased, reversing the earlier trend of decreasing total ARPU.

Our ARPU growth was predominantly fueled by an increase in ARPU in Russia, which increased to US$12.6 in 2007 from US$9.6 in 2006. In Russia, we continued to focus on growth in ARPU and revenue coupled with strict cost control in 2007. Other key components of our growth strategy in Russia will be to increase our share of the high value subscriber market, improve subscriber loyalty, and make selective acquisitions of regional operators.

In the CIS, we will focus on strengthening our commercial operations, in order to provide increased levels of coverage and service for our customers, and on subscriber growth. Most of the mobile markets in the CIS are still in a phase of rapid subscriber growth with penetration rates substantially lower than in Russia, including Kazakhstan (82.4%), Uzbekistan (22.0%), Tajikistan (30.2%), Georgia (55.8%) and Armenia (58.0%) As the infrastructure for mobile networks improves and the use of mobile devices becomes more widely-accepted, we expect substantial increases in the number of new subscribers using mobile services and we believe we are well-positioned to capitalize on this growth. Going forward, we expect the contribution of our mobile operations in these countries to our financial results to increase at a higher proportionate rate than our mobile operations in Russia. Like Russia, the mobile penetration rate in Ukraine is over 119.0% and accordingly, the opportunity for subscriber growth in Ukraine is less than the opportunity in other countries of the CIS in which we operate.

Golden Telecom has also experienced significant growth in both revenues and operating income in recent years. This growth has come predominantly from Golden Telecom s Business and Corporate Services line of business and its Carrier and Operator Services line of business. Growth across Golden Telecom s lines of business resulted primarily from growth in demand for its products caused by an improving macroeconomic environment in Russia, Ukraine and the CIS and the inflow of direct foreign investment into these countries, as well as Golden Telecom s regional expansion and market segment expansion.

We expect revenues from the business currently comprising Golden Telecom s Consumer Internet Services line of business to grow at a higher proportionate rate than the businesses currently comprising Golden Telecom s other lines of business. We also expect the consolidation of Golden Telecom s business into ours will have a somewhat dilutive effect on our margins due to the generally lower margins associated with fixed-line telecommunications businesses as compared to mobile businesses. In addition, the acquisition of Golden Telecom will result in a substantial increase in our goodwill. Also, in connection with the financing of our acquisition of Golden Telecom our indebtedness has increased substantially, and interest expense in connection with this indebtedness will have a negative impact on our net income going forward. Furthermore, our depreciation and amortization expense going forward will reflect an increase due to the step-up in value of the Golden Telecom assets recorded as a result of the acquisition.

Certain Performance Indicators

The following discussion analyzes certain operating data, such as subscriber data, total average monthly minutes of use per subscriber, or MOU, ARPU and churn rate that are not included in our financial statements included in this Form 6-K. We provide this operating data because it is regularly reviewed by management and because management believes it is useful in evaluating our performance from period to period as set out below. We believe that presenting information about subscriber data, MOU and ARPU is useful in assessing the usage and acceptance of our mobile products and services, and that presenting our churn rate is useful in assessing our ability to retain mobile subscribers.

Subscriber Data

We offer both contract and prepaid services to our mobile subscribers. As of December 31, 2007, we had approximately 51.7 million active mobile subscribers, representing 81.7% of our approximately 63.3 million registered subscribers. An active subscriber is a subscriber whose activity resulted in income to our company during the most recent three months and who remains in the base at the end of the reported period. Such activity includes all incoming and outgoing calls, subscriber fee accruals, debits related to service, outgoing SMS, MMS, data transmission and receipt sessions, but does not include incoming SMS and MMS sent by our company or abandoned calls. A registered subscriber is an authorized user of cellular services using one SIM card (GSM/3G) with one or several selective numbers. We believe that the active subscriber definition is a better criterion for analyzing our subscriber base and is more in line with international standards. We also believe that registered subscriber figures have become irrelevant for operational purposes. As a result, we provide the subscriber data and calculations of MOU and ARPU herein on the basis of active subscribers. This additional operating information may not be uniformly defined by companies operating in this sector and, accordingly, may not be comparable with similarly titled measures and disclosures by our competitors. We provide market share data herein on the basis of our registered subscribers because the information is based on information reported by an independent third party, who continues to base its calculations on registered subscribers. Although we also provide the churn information contained herein on the basis of our registered subscribers, we plan on reporting churn on the basis of active subscribers with the period beginning January 1, 2008 because we believe the registered subscriber figures have become irrelevant for operational purposes.

The following table indicates our mobile subscriber figures, as well as our prepaid mobile subscribers as a percentage of our total mobile subscriber base, for the periods indicated:

	As of December 31,		
	2007	**2006**	**2005**
Russia	42,221,252	39,782,690	35,936,356
Kazakhstan	4,603,300	3,052,878	1,813,938
Ukraine	1,941,251	1,523,682	249,189
Tajikistan	339,393	72,028	
Uzbekistan	2,119,612	700,470	
Armenia	442,484	415,965	
Georgia	72,655		
Total number of subscribers	51,739,947	45,547,713	37,999,483
Percentage of prepaid subscribers	95.9%	96.2%	96.5%

Russia. As of December 31, 2007, we had approximately 42.2 million mobile subscribers in Russia, representing an increase of approximately 6.1% over the approximately 39.8 million mobile subscribers as of December 31, 2006. According to independent estimates, as of December 31, 2007 we had a 29.9% share of the Russian mobile market. Most of our subscriber growth in Russia in 2007 came from the regions outside the Moscow license area, where our subscriber base increased to 34.0 million as of December 31, 2007, from 31.5 million as of December 31, 2006.

Kazakhstan. As of December 31, 2007, we had approximately 4.6 million mobile subscribers in Kazakhstan, representing an increase of approximately 50.8% over the approximately 3.1 million mobile subscribers as of December 31, 2006. According to independent estimates, as of December 31, 2007, we had a 46.5% of the Kazakh mobile market. Our increase in subscriber base in Kazakhstan was primarily due to the continuing growth of mobile penetration in the country.

Ukraine. As of December 31, 2007, we had approximately 1.9 million mobile subscribers in Ukraine, representing an increase of approximately 27.4% over the approximately 1.5 million mobile subscribers as of December 31, 2006. According to independent estimates, as of December 31, 2007, we had a 4.8% share of the Ukrainian mobile market. The increase in our subscriber base in Ukraine was primarily due to the significant improvement of our network coverage and the accelerated roll-out of our service that enabled us to attract additional subscribers nationwide.

Tajikistan. As of December 31, 2007, we had approximately 340,000 mobile subscribers in Tajikistan, representing an increase of approximately 371.4% over the approximately 72,000 mobile subscribers as of December 31, 2006. According to independent estimates, as of December 31, 2007, we had an 18.1% share of the Tajik mobile market. The increase in our subscriber base in Tajikistan was primarily due to of our efforts to grow our subscriber base by offering attractive starter tariff packages at competitive prices and additional mobile services to our subscribers.

Uzbekistan. As of December 31, 2007, we had approximately 2.1 million mobile subscribers in Uzbekistan, representing an increase of approximately 202.6% over the approximately 700,000 mobile subscribers as of December 31, 2006. According to independent estimates, as of December 31, 2007, we had a 37.3% share of the Uzbek mobile market. The increase in our subscriber base in Uzbekistan was primarily due to our network development and active sales strategy. Mobile penetration in Uzbekistan remains low at 22.0%, so we are focusing our efforts on network rollout and active marketing to rapidly grow our mobile subscriber base.

Armenia. As of December 31, 2007, we had approximately 442,500 mobile subscribers in Armenia, representing an increase of approximately 6.4% over the approximately 416,000 mobile subscribers as of December 31, 2006. According to independent estimates, as of December 31, 2007, we had a 26.1% share of the Armenian mobile market. The increase in our subscriber base in Armenia was primarily due to growth in mobile penetration.

Georgia. We launched commercial operations in Georgia in March 2007 and as of December 31, 2007 we had approximately 73,000 mobile subscribers. According to independent estimates, as of December 31, 2007, we had a 3.7% share of the Georgian mobile market. We are continuing to build the network and develop our sales and distributions channels in Georgia.

MOU

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 mobile subscribers during the period and dividing by the number of months in that period.

The following tables show our MOU for our mobile subscribers for the periods indicated:

	Year ended December 31,		
	2007	**2006**	**2005**
Russia	192.1	145.9	120.4
Kazakhstan	94.6	70.4	55.3
Ukraine	163.2	149.7	36.2
Tajikistan	220.6	121.1	
Uzbekistan	274.0	320.5	
Armenia	169.9	178.0	
Georgia	102.5		
Total MOU	**185.2**	**143.4**	**117.6**

Russia. In 2007, our MOU in Russia increased by 31.7% to 192.1 from 145.9 in 2006. The increase in MOU in Russia was primarily attributable to national marketing campaigns aimed at increasing local traffic, which offered discounts and attractive prices on outgoing traffic to our subscribers.

Kazakhstan. In 2007, our MOU in Kazakhstan increased by 34.4% to 94.6 from 70.4 in 2006. The increase in MOU was attributable to growth in our subscriber base and an increase in and improvement of our network coverage. The launch of three new price plans on the mass market and the launch of a campaign offering off-peak discounts also resulted in MOU growth.

Ukraine. In 2007, our MOU in Ukraine increased by 9.0% to 163.2 from 149.7 in 2006. We attribute the increase to network development throughout Ukraine, improved service quality and marketing campaigns offering discounts and free minutes of usage to subscribers.

Tajikistan. In Tajikistan in 2007 we nearly doubled MOU mainly because of growth in both subscribers and traffic.

Uzbekistan. In 2007, our MOU in Uzbekistan decreased 14.5% to 274.0 from 320.5 in 2006. Our MOU decreased due to an increase in our subscriber base, a high proportion of which consisted of lower income mass market subscribers, who typically use their cellular telephone less than higher income subscribers.

Armenia. In 2007, our MOU in Armenia decreased by 4.5% to 169.9 from 178.0 in 2006. Our MOU decreased due to the fact that MOU for 2006 represents only the last two months of 2006 where there is typically higher mobile usage due to holidays.

ARPU

We calculate ARPU, a non-U.S. GAAP financial measure, by dividing our service revenue during the relevant period, including roaming revenue and interconnect revenue, but excluding revenue from connection fees, sales of handsets and accessories and other non-service revenue, by the average number of our active mobile subscribers during the period and dividing by the number of months in that period. Reconciliation of ARPU to service revenues, the most directly comparable U.S. GAAP financial measure, is presented below in Additional Reconciliation of Non-U.S. GAAP Financial Measures (Unaudited). We believe that ARPU provides useful information to investors because it is an indicator of the performance of our mobile operations and assists management in budgeting. We also believe that ARPU provides management with useful information concerning usage and acceptance of our mobile services. ARPU should not be viewed in isolation or as an alternative to other figures reported under U.S. GAAP.

The following table shows our ARPU for the periods indicated:

	Year ended December 31,		
	2007	**2006**	**2005**
Russia	US$ 12.6	US$ 9.6	US$ 8.5
Kazakhstan	US$ 13.1	US$ 12.6	US$ 11.3
Ukraine	US$ 4.7	US$ 5.0	US$ 4.3
Tajikistan	US$ 9.7	US$ 6.8	
Uzbekistan	US$ 7.1	US$ 11.9	
Armenia	US$ 16.7	US$ 17.0	
Georgia	US$ 7.4		
Total ARPU	**US$ 12.1**	**US$ 9.7**	**US$ 8.7**

Russia. In 2007, our ARPU in Russia increased by 31.3% to US$12.6 from US$9.6 in 2006. The increase in ARPU in 2007 was primarily attributable to the increased traffic on our network, improved quality of our mobile subscriber base, an increase in interconnect fees between mobile operators and the introduction of a first-minute charge on certain tariff plans. Additionally, ARPU increased in 2007 in part due to our switch to Russian ruble denominated tariffs, which reduced the negative effect on revenues of the depreciating Russian ruble value of the U.S. dollar, and the implementation of a fixed exchange rate for our U.S dollar linked tariffs, which was set at a Russian ruble/U.S. dollar exchange rate that was above the official exchange rate.

Kazakhstan. In 2007, our ARPU in Kazakhstan increased by 4.0% to US$13.1 from US$12.6 in 2006. The increase in 2007 was the result of our successful marketing campaigns, including the launch of new tariff plans designed to stimulate traffic among our subscribers.

Ukraine. In 2007, our ARPU in Ukraine decreased by 6.0% to US$4.7 from US$5.0 in 2006. The decline in 2007 was the result of an increased number of mass market subscribers as a proportion of our total subscriber base in Ukraine and a general reduction in tariffs resulting from increased competition in the market. Mass market subscribers generally have lower ARPU compared to corporate and business subscribers.

Tajikistan. In 2007, our ARPU in Tajikistan increased by 42.6% to US$9.7 from US$6.8 in 2006. The increase in ARPU in 2007 was primarily attributable to the end of promotional tariffs launched in 2006 at the start of commercial operations.

Uzbekistan. In 2007, our ARPU in Uzbekistan decreased by 40.3% to US$7.1 from US$11.9 in 2006 mainly due to the rapid growth of our subscriber base and the geographic expansion of our mobile operations within Uzbekistan, which resulted in lower MOU as we increased coverage of regions with lower income mass market subscribers.

Armenia. In 2007, our ARPU in Armenia decreased by 1.8% to US$16.7 from US$17.0 in 2006 as a result of lower MOU due to a growing portion of our mobile subscriber base being comprised of mass market subscribers.

Churn rate

We define our churn rate 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 are disconnected if they have not paid their bills for up to two months. Prepaid subscribers are disconnected in two cases: (1) an account has 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 varies by country and depends on the legislation and market specifics. Policies regarding the calculation of churn differ among operators.

Migration between prepaid and contract forms of payment is technically recorded as churn, which contributes to our churn rate even though we do not lose those subscribers. Similarly, prepaid customers who change tariff plans by purchasing a new SIM card with our company are also counted as churn.

The following table shows our churn rates for the periods indicated:

	Year ended December 31,		
	2007	**2006**	**2005**
Russia	32.9%	35.4%	30.4%
Kazakhstan	23.5%	32.8%	30.3%
Ukraine	61.8%	18.6%	
Tajikistan	4.6%	95.1%	
Uzbekistan	61.7%	44.9%	
Armenia	49.7%	9.1%	
Georgia	1.0%		
Total Churn	**34.1%**	**35.1%**	**30.4%**

In general, a high level of churn is typical in mobile markets where a large proportion of the subscribers are prepaid or mass market subscribers, such as in Russia and the CIS. We believe the reduction in our total churn rate in 2007 compared to 2006 is due to intense seasonal promotional campaigns in Russia introduced by us and our competitors. The reduction in our churn rate in Kazakhstan in 2007 compared to 2006 was due to improved network quality and reduced tariffs. The high churn rates in Ukraine and Uzbekistan in 2007 were due to a change in our subscriber calculation policy in each country, pursuant to which we decreased the period of subscriber registration in the total base from six to three months, in order to be consistent with our policy in Russia. We believe the increase in our churn rate in Armenia in 2007 compared to 2006 was due to switching to a new billing system for prepaid subscribers that better monitored those subscribers that should have been disconnected from our network due to lack of activity for three months. This resulted in a significant one-time churn of subscribers. The relatively high churn rate in Tajikistan in 2006 was due to the large number of subscribers disconnected and counted as churn following the application of our churn policy to our subsidiary Tacom following our acquisition.

Acquisitions

Our significant acquisitions from 2005, 2006 and 2007 are summarized below. The financial results of the companies acquired as set out below have been consolidated into our financial statements since the first date of acquisition. For more information on our significant acquisitions and dispositions, see Liquidity and Capital Resources Investing activities.

Company(1)	License Area	Date	Total Purchase Price	Total Stake Acquired	Approximate Number of Subscribers on Date of Acquisition
Sakhalin Telecom Mobile	Russia territory of Sakhalin (Far East super-region)	July 2005 and September 2005	US$54.4 million	89.6%	96,000
URS	Ukraine	November 2005	US$231.2 million plus the assumption of approximately US$23.5 million in debt	100.0%	240,000
Tacom(2)	Tajikistan	December 2005 and December 2006	US$16.1 million	80.0%	10,000
Buztel(3)	Uzbekistan	January 2006	US$60.0 million plus the assumption of approximately US$2.4 million in debt	100.0%	2,500
Unitel(4)	Uzbekistan	February 2006	US$200.0 million plus the assumption of approximately US$7.7 million in debt	100.0%	364,000
Mobitel(5)	Georgia	July 2006	US$12.6 million plus the assumption of US$0.2 million in debt	51.0%	
ArmenTel	Armenia	November 2006 and April 2007	US$501.0 million 100.0% 400,000 mobile 600,000 fixed-line		
Limited Liability Company Dominanta (6)	Russia- Moscow	December 2006	US$10.5 million	75.0%	
Limited Liability Partnership Teta Telecom (7)	Kazakhstan	December 2006 -September 2007	US$10.1 million	100.0%	
Closed Joint Stock Company Corporation Severnaya Korona	Russia-Irkutsk Region (Far East super-region)	August 2007	US$234.2 million	100.0%	571,000

(1) For information about the licenses held by these companies at the time we acquired them, please see the section of this Form 6-K entitled Our Company. For more information about how we accounted for each acquisition, please see Note 3 to our audited consolidated financial statements included elsewhere in this Form 6-K.

(2) We entered into a shareholders agreement with the remaining shareholders of Tacom that grants us an option to acquire up to the entire remaining interest held by the remaining shareholders under certain circumstances for a price specified in a prescribed formula.
(3) Buztel was merged into Unitel in July 2006.
(4) In April 2007, we entered into an agreement to sell a 33.3% ownership interest in its wholly-owned subsidiary, Freevale Enterprises, Inc. (BVI) for a sale price of US$20.0 million. Freevale Enterprises owns 21.0% of Unitel. The sale effectively represents 7.0% of Unitel. The transaction was finalized on June 14, 2007. In connection with this agreement, the purchaser granted to us an option to acquire the entire remaining interest held by the purchaser and, simultaneously, we granted to the purchaser an option to sell to us the entire remaining interest held by the purchaser. The future price is based on a prescribed formula; however in no event will the future price be less than US$57.5 million or more than US$60.0 million. Following the provisions of EITF No. 00-4, Majority Owner s Accounting for a Transaction in the Shares of a Consolidated Subsidiary and a Derivative Indexed to the Minority Interest in That Subsidiary, the sale consideration was accounted for as a secured borrowing of US$20.0 million. The borrowing will be accreted to the minimum purchase price of the put and call arrangement up to August 31, 2009, which is the date at which the put and call options first become exercisable. As of December 31, 2007, principal amount of debt outstanding under this agreement was US$26.0 million.
(5) We entered into a shareholders agreement with the remaining shareholder of Mobitel that grants us an option to acquire its entire interest under certain circumstances for a price specified in a prescribed formula.
(6) We entered into a shareholders agreement with the remaining shareholder of Dominanta that granted us an option to acquire the entire remaining interest held by the shareholder and, simultaneously, we granted the remaining shareholder an option to sell to us its entire remaining interest under certain circumstances for a price to be determined based on a prescribed procedure.
(7) Teta Telecom is a holding company that holds 100.0% of Limited Liability Partnership KZ Trans, a fiber optic operator in Kazakhstan, and a minority interest in Limited Liability Partnership TNS-Plus, which holds a license for long distance operations. Subsequent to our purchase of Teta Telecom, Teta Telecom increased its stake in TNS-Plus from 2.0% to 49.0% for a total equity contribution of approximately US$4.5 million. Teta Telecom also has a right to acquire an additional 2.0% interest in TNS-Plus (bringing its total shareholding to 51.0%) upon a change in Kazakh legislation allowing foreign entities to control long-distance operators.

On February 28, 2008, we completed our acquisition of 100.0% of Golden Telecom. We began consolidating Golden Telecom s financial results into our financial statements as of March 1, 2008.

Reclassifications

Certain reclassifications have been made to the prior years consolidated financial statements to conform to the current year s presentation. Equipment financing obligations and capital lease obligations were combined in the line Bank loans and other debt from the line Accrued liabilities. Please see Note 2 to our audited consolidated financial statements included elsewhere in this Form 6-K.

Revenues

During the three years ended December 31, 2007, we generated revenues from providing telecommunications services and selling handsets and accessories and other revenues. Our primary sources of revenues consisted of:

Service Revenues

Our service revenues included revenues from airtime charges from contract and prepaid subscribers, monthly contract fees, interconnect fees from other mobile and fixed-line operators, roaming charges and charges for value added services such as messaging, mobile internet, and infotainment.

Sales of Handsets and Accessories and Other Revenues

We sold mobile handsets and accessories to our subscribers. Our other revenues included, among other things, rental of base station sites

Expenses

During the three years ended December 31, 2007, we had two categories of expenses directly attributable to our revenues: service costs and the costs of handsets and accessories.

Service Costs

Service costs included interconnection and traffic costs, channel rental costs, telephone line rental costs, roaming expenses and charges for connection to special lines for emergencies.

Costs of Handsets and Accessories

Our costs of handsets and accessories sold represented the amount that was payable for this equipment, net of VAT. We purchased handsets and accessories from third party manufacturers for resale to our subscribers for use on our networks.

Operating Expenses

In addition to service costs and the costs of handsets and accessories, during the three years ended December 31, 2007 our operating expenses included:

Selling, general and administrative expenses. Our selling, general and administrative expenses include:

- dealers commissions;
- salaries and outsourcing costs, including related social contributions required by Russian law;
- stock price-based compensation expenses;
- marketing and advertising expenses;
- repair and maintenance expenses;
- rent, including lease payments for base station sites;
- utilities; and
- other miscellaneous expenses, such as insurance, operating taxes, license fees, and accounting, audit and legal fees.

Depreciation and amortization expense. We depreciated the capitalized costs of our tangible assets, which consisted mainly of telecommunications equipment and buildings owned by us. We amortized our intangible assets, which consisted primarily of telecommunications licenses and frequency allocations, telephone line capacity for local numbers in Russia and the CIS and customer relations acquired in business combinations.

Provision for doubtful accounts. We included in our operating expenses an estimate of the amount of our accounts receivable that we believe will ultimately be uncollectible. We based the estimate on historical data and other relevant factors, such as a change in tariff plans from pre-paid to post-paid.

Interest expense. We incurred interest expense on our vendor financing agreements, loans from banks, capital leases and other borrowings. Our interest bearing liabilities carry both fixed and floating interest rates. On our borrowings with a floating interest rate, the interest rate is linked either to LIBOR or to EURIBOR. Our interest expense depends on a combination of prevailing interest rates and the amount of our outstanding interest bearing liabilities.

Income tax expense. Income tax expense included both current and deferred tax expense. The statutory income tax rate in Russia is 24.0%. The statutory income tax rate in Kazakhstan is 30.0%. The statutory income tax rate in Ukraine and Tajikistan is 25.0%. The statutory income tax rate in Armenia and Georgia is 20.0%. In Uzbekistan there is a complex income tax regime that results in an effective income tax rate of approximately 17%.

Results of Operations

The following is a discussion of VimpelCom s results of operations for the periods indicated. Golden Telecom s results of operations were not consolidated with VimpelCom s results of operations as of December 31, 2007 and, consequently, are not discussed below.

The table below shows, for the periods indicated, the following statement of operations data expressed as a percentage of net operating revenues.

	Year ended December 31,		
	2007	**2006**	**2005**
Consolidated statements of income			
Operating revenues:			
Service revenues	99.9%	99.6%	98.9%
Sales of handsets and accessories	0.1%	0.3%	0.9%
Other revenues	0.1%	0.1%	0.2%
Total operating revenues	100.1%	100.0%	100.0%
Less revenue based taxes	(0.1)%		
Net operating revenues	100.0%	100.0%	100.0%
Operating expenses:			
Service costs	18.3%	17.9%	16.0%
Cost of handsets and accessories	0.1%	0.4%	0.9%
Selling, general and administrative expenses	30.8%	30.9%	33.8%
Depreciation	16.3%	18.0%	14.0%
Amortization	3.1%	3.7%	4.4%
Provision	0.6%	0.4%	0.4%
Total operating expenses for doubtful accounts	69.2%	71.3%	69.5%
Operating income	**30.8%**	**28.7%**	**30.5%**

	Year ended December 31,		
	2007	**2006**	**2005**
Consolidated statements of income			
Other income and expenses:			
Interest income	0.5%	0.3%	0.3%
Net foreign exchange gain	1.0%	0.5%	0.2%
Interest expense	(2.7)%	(3.8)%	(4.6)%
Other income (expenses)	0.04%	(0.8)%	(0.2)%
Total other income and expenses	(1.2)%	(3.8)%	(4.3)%
Income before income taxes, minority interest and cumulative effect of change in accounting principle	29.6%	24.9%	26.2%
Income tax expense	8.3%	8.0%	6.9%
Minority interest in earnings (losses) of subsidiaries, before cumulative effect of change in accounting principle	0.9%	0.2%	0.1%
Income before cumulative effect of change in accounting principle	20.4%	16.7%	19.2%
Cumulative effect of change in accounting principle		0.04%	
Net income	**20.4%**	**16.7%**	**19.2%**

The tables below show for the periods indicated, selected information about the results of operations in each of our geographic segments. For more information regarding our segments, see Note 16 to our audited consolidated financial statements included elsewhere in this Form 6-K.

Russia

	Years ended December 31,					
	2007	2006	% change	2006	2005	% change
	(In millions of U.S. dollars, except % change)					
Total net operating revenues from external customers	6,090.3	4,400.3	38.4	4,400.3	3,032.9	45.1
Depreciation and amortization	1,109.0	900.3	23.2	900.3	535.4	68.2
Operating income	1,991.8	1,403.2	41.9	1,403.2	972.7	44.3
Income before income taxes and minority interest	1,937.1	1,231.3	57.3	1,231.3	847.1	45.4
Income tax expense	514.8	373.7	37.8	373.7	226.8	64.8
Net income	1,422.3	857.6	65.8	857.6	620.3	38.3

Kazakhstan

	Years ended December 31,					
	2007	2006	% change	2006	2005	% change
	(In millions of U.S. dollars, except % change)					
Total net operating revenues from external customers	607.6	350.0	73.6	350.0	176.1	98.8
Depreciation and amortization	105.8	93.0	13.8	93.0	55.1	68.8
Operating income	216.8	47.6	355.5	47.6	9.6	395.8
Income before income taxes and minority interest	215.4	41.1	424.1	41.1	(2.1)	
Income tax expense	73.8	21.3	246.5	21.3	(4.4)	
Net income	141.6	19.8	615.1	19.8	2.3	760.9

Ukraine

	Year ended December 31, 2007	Year ended December 31, 2006	% change	Year ended December 31, 2006	November 1 to December 31, 2005
	(In millions of U.S. dollars, except % change)				
Total net operating revenues from external customers	105.5	33.7	213.0	33.7	2.0
Depreciation and amortization	43.7	27.0	61.9	27.0	2.8
Operating income	(43.2)	(61.7)		(61.7)	(4.2)
Income before income taxes and minority interest	(62.7)	(68.6)		(68.6)	(4.5)
Income tax expense	(3.1)	(7.6)		(7.6)	(0.5)
Net income	(59.6)	(61.0)		(61.0)	(4.0)

Tajikistan

	Year ended December 31, 2007	Year ended December 31, 2006	% change
	(In millions of U.S. dollars, except % change)		
Total net operating revenues from external customers	23.7	1.2	1,903.8
Depreciation and amortization	4.0	1.0	300.2
Operating income	(1.2)	(3.4)	
Income before income taxes and minority interest	(4.5)	(4.4)	
Income tax expense	1.3		
Net income	(5.8)	(4.4)	

Uzbekistan

	Year ended December 31, 2007	February 1, 2006 to December 31, 2006
	(In millions of U.S. dollars)	
Total net operating revenues from external customers	107.4	55.4
Depreciation and amortization	29.2	20.2
Operating income	25.5	11.9
Income before income taxes and minority interest	21.6	10.8
Income tax expense	2.0	2.6
Net income	19.6	8.2

Georgia

	Year ended December 31, 2007	July 1, 2006 to December 31, 2006
	(In millions of U.S. dollars)	
Total net operating revenues from external customers	1.5	
Depreciation and amortization	7.2	1.9
Operating income	(14.6)	(2.5)
Income before income taxes and minority interest	(14.1)	(2.1)
Income tax expense	0.8	
Net income	(14.9)	(2.0)

Armenia

	Year ended December 31, 2007	November 16, 2006 to December 31, 2006
	(In millions of U.S. dollars)	
Total net operating revenues from external customers	235.1	27.4
Depreciation and amortization	91.6	11.1
Operating income	31.1	2.2
Income before income taxes and minority interest	27.6	4.0
Income tax expense	4.4	0.7
Net income	23.2	3.3

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Operating Revenues

Our net operating revenues increased by 47.3% to US$7,171.1 million during 2007 from US$4,868.0 million during 2006. Net operating revenues from our operations in Russia, excluding intragroup transactions, increased by 38.4% to US$6,090.3 million during 2007 from US$4,400.3 million during 2006. Net operating revenues from our operations in Russia constituted 84.9% of our total net operating revenues during 2007 compared to 90.4% in 2006.

We increased our net operating revenues in 2007 primarily as a result of increased traffic on our network, improved ARPU, an increase in interconnect fees between mobile operators and a full year of consolidation of the results of our Armenian operations, which we acquired in November 2006.

Service revenues. Our service revenues increased by 47.7% to US$7,161.8 million during 2007 from US$4,847.7 million during 2006. Service revenues constituted approximately 99.9% and 99.6% of our net operating revenues for the years ended December 31, 2007 and 2006, respectively. Our service revenues include revenue from airtime charges from contract and prepaid subscribers, monthly contract fees, interconnect fees from other mobile and fixed-line operators, charges from value added services and roaming charges.

During 2007, we generated US$4,831.4 million of our services revenues from airtime charges from contract and prepaid subscribers and monthly contract fees, or 67.4% of net operating revenues, compared to US$3,415.4 million, or 70.1% of net operating revenues in 2006. The increase was primarily related to increased traffic on our network.

During 2007, we generated US$1,053.5 million of our service revenues from interconnect revenues, or 14.7% of net operating revenues, compared to US$503.9 million, or 10.3% of net operating revenues in 2006. This increase was primarily related to the introduction of CPP in Russia in July 2006. Specifically, in response to the introduction of CPP in Russia we began to charge fixed-line operators rather than our subscribers for incoming calls, we increased interconnect fees with other mobile operators and we increased pricing on some tariff plans. The increase in our interconnect revenues in 2007 was also due to increased traffic on our network.

During 2007, we generated US$868.5 million of our service revenues from value added services, or 12.1% of net operating revenues, compared to US$641.2 million, or 13.2% of net operating revenues in 2006. In Russia, we generated US$761.9 million of revenues from value added services, or 87.7% of our revenues from value added services, in 2007, compared with US$603.3 million of revenues from value added services, or 94.1% of our revenues from value added services, in 2006. We did not derive a significant amount of revenue from value added services in the CIS. The increase in our value added services revenues was primarily due to increased consumption of value added services in Russia during 2007 compared to 2006 as a result of our promotional and marketing campaigns.

During 2007, we generated US$241.4 million of our service revenues from roaming revenues generated by our subscribers, or 3.4% of net operating revenues, compared to US$149.5 million, or 3.0% of net operating revenues in 2006. During 2007, we generated US$155.0 million of our service revenues from roaming revenues received from other mobile services operators for providing roaming services to their subscribers, or 2.2% of net operating revenues, compared to US$126.8 million, or 2.6% of net operating revenues in 2006. These increases were primarily due to improved and expanded network coverage and an increase roaming activity due to an increase travel by our subscribers and persons roaming on our network.

Revenues from sales of handsets and accessories. Revenues from sales of handsets and accessories during 2007 decreased by 66.3% to US$6.5 million from US$19.3 million during 2006, primarily as a result of a decrease in the price of handsets and an increase in dealer sales (as opposed to sales from our company). We are shifting away from the sale of handsets.

Operating Expenses

Our total operating expenses increased by 43.0% to US$4,964.9 million during 2007 from US$3,470.7 million during 2006. Total operating expenses from our operations in Russia increased by 36.8% to US$4,101.8 million during 2007 from US$2,998.6 million during 2006. Total operating expenses from our operations in Russia constituted 82.6% of our total operating expenses during 2007 compared to 86.4% in 2006.

Service costs. Our service costs increased by 50.1% to US$1,309.3 million during 2007 from US$872.4 million during 2006. As a percentage of total operating expenses, our service costs increased to 26.4% during 2007 from 25.1% during 2006. Our gross margin percentage remained stable at 81.7% during 2007, the same as in 2006. Gross margin is defined as net operating revenues less selected operating costs (specifically, service costs and costs of handsets and accessories).

Our service costs increased slightly relative to the growth in operating revenues primarily due to the introduction of CPP as the interconnect fees per minute charged to our company increased due to revised payment terms with other mobile and fixed-line operators. As a percentage of net operating revenues, our service costs increased to 18.3% during 2007 from 17.9% during 2006.

Cost of handsets and accessories. Our cost of handsets and accessories decreased by 68.3% to US$5.8 million during 2007 from US$18.3 million during 2006. This decrease was primarily due to the decreased volume of sales of handsets. Our cost of handsets and accessories as a percentage of net operating revenues declined to 0.1% during 2007 compared to 0.4% during 2006.

Selling, general and administrative expenses. Our selling, general and administrative expenses increased by 46.7% to US$2,206.3 million during 2007 from US$1,503.6 million during 2006. The increase in selling, general and administrative expenses during 2007 resulted primarily from: (1) a US$159.1 million increase in stock pricebased compensation expenses due to new options granted under our stock based compensation plans in 2007 and rapid appreciation of VimpelCom s share price in 2007; (2) a US$144.3 million increase in salaries and bonuses due to the launch of new bonus programs for our employees; (3) a US$127.3 million increase in dealers commissions and advertising expenses relating to the acquisition of new subscribers; (4) a US$88.4 million increase in technical support and maintenance expenses due to increased equipment-related costs and payments for licenses, frequencies and permissions; (5) an approximately US$41.1 million increase in rent, utilities and repair of offices due to annual increase in fees for services and opening of new offices; (6) an approximately US$27.9 million increase in software support; (7) a US$23.4 million increase in property and other taxes due to our overall growth in 2007; (8) a US$22.9 million increase in dealer commissions for the sale of prepaid subscriber cards and payment commissions relating to existing subscribers; (9) a US$17.5 million increase in required payments to the universal services fund ; and (10) a US$50.8 million increase in other expenses due to increase business activity in both Russia and the CIS.

As a percentage of net operating revenues, our selling, general and administrative expenses remained level at 30.8% during 2007 compared to 30.9% during 2006.

Depreciation and amortization expense. Our depreciation and amortization expense increased by 31.9% to US$1,390.6 million in 2007 from US$1,054.5 million during 2006. The overall increase in depreciation and amortization expense was due primarily to continuing capital expenditures in Russia, Kazakhstan, Ukraine and Tajikistan, coupled with the first full year consolidation of the amortization expenses of Unitel, Mobitel and ArmenTel, all of which we acquired in 2006.

Provision for doubtful accounts. Our provision for doubtful accounts increased by 142.2% to US$52.9 million during 2007 from US$21.8 million during 2006. As a percentage of net operating revenues, provision for doubtful accounts increased to 0.6% in 2007 compared to 0.4% in 2006 due to the increase in negative balances of prepaid subscribers, the extension of post-paid tariff plans and recent acquisitions in the CIS.

Operating Income

Primarily as a result of the foregoing, our operating income increased by 57.9% to US$2,206.2 million during 2007 from US$1,397.3 million during 2006. During 2007, our operating income in Russia grew by 41.9% to US$1,991.8 million compared to US$1,403.2 million during 2006. This growth in Russia was primarily attributable to increased traffic on our networks, an increase in interconnect charges between mobile operators, as well as management s efforts to control costs. In 2007, our operating income in Kazakhstan grew by 355.5% to US$216.8 million compared to US$47.6 million in 2006 primarily due to an increase in our subscriber base, along with a stable ARPU. In 2007, we had an operating loss of US$43.2 million in Ukraine compared with US$61.7 million operating loss in 2006. The improvement in our operating loss was primarily due to the costs associated with launching our re-branded commercial operations in April 2006 and significant growth of advertising expenses due to active sales and subscriber base growth and the opening of branches countrywide, which resulted in technical and administrative expense growth in 2006. In 2007, our operating income in Uzbekistan grew by 114.3% to US$25.5 million compared to US$11.9 million during 2006 primarily due to significant growth in our subscriber base which lead to an increase of net operating revenues. We believe that the increase in our total operating income in 2007 was primarily attributable to our focus on revenue growth and increasing ARPU, which, when combined with our efforts to control costs relative to growth, resulted in an increase in our operating income during 2007.

Other Income and Expenses

Interest expense. Our interest expense increased 4.5%to US$194.8 million during 2007 from US$186.4 million during 2006. The increase in our interest expense during this period was primarily attributable to an increase in the overall amount of our debt during 2007.

Foreign currency exchange gain/loss. We recorded a US$73.0 million foreign currency exchange gain during 2007 as compared to a US$24.6 million foreign currency exchange gain during 2006. The appreciation of the Russian ruble against the U.S. dollar during 2007 resulted in a significant foreign exchange gain during 2007 from a corresponding revaluation of our U.S. dollar denominated financial liabilities under our loan agreements. In order to reduce our foreign currency risk, in November 2006, we entered into a series of forward agreements to acquire US$972.7 million in Russian rubles to hedge our U.S. dollar denominated liabilities due in 2007 and the first quarter of 2008 (including a swap agreement in the principal amount of US$236.1 million). In March and August 2007, we entered into a series of forward agreements to acquire US$173.6 million in Russian rubles to hedge our short-term US dollar denominated liabilities due in the first and second quarters of 2008 (including a zero-cost collar agreement in the principal amount of US$120.6 million). As of December 31, 2007, we had swap and forward agreements to purchase U.S. dollars for Russian rubles in an aggregate amount of US$220.8 million. In August 2006, we entered into a forward agreement to acquire US$110.0 million in Kazakh tenge to hedge financial liabilities of KaR-Tel. In October 2006, the forward agreement was restructured into a swap agreement in a principal amount of US$100.0 million to purchase U.S. dollars for Kazakh tenge at the fixed rate of 122.64 Kazakh tenge per U.S. dollar and transfer our floating U.S. dollar interest rate loans to a fixed Kazakh tenge loan with an interest rate of 9.9%. As of December 31, 2007, we had a swap agreement to purchase U.S. dollars for Kazakh tenge with principal amount of US$90.3 million.

Income tax expense. Our income tax expense increased 52.0% to US$593.9 million during 2007 from US$390.7 million during 2006. This income tax expense consisted of current and deferred taxes. The increase was primarily due to the increase in our taxable income. Our effective income tax rate of 28.0% during 2007 was lower than our effective income tax rate of 32.2% in 2006.

Net income and net income per share. In 2007, our net income was US$1,462.7 million, or US$28.78 per common share (US$1.44 per ADS), compared to US$811.5 million or US$15.94 per common share (US$0.80 per ADS) during 2006. In 2007, we reported diluted net income of US$28.78 per common share (US$1.44 per ADS), compared to diluted net income of US$15.93 per common share (US$0.79 per ADS) during 2006.

The table below provides selected information about net income of our seven reportable segments for the year ended December 31, 2007 compared to the year ended December 31, 2006 (in millions of U.S. dollars):

	As of December 31,	
	2007	**2006**
Net Income:		
Russia	1,422.3	857.6
Kazakhstan	141.6	19.8
Ukraine	(59.6)	(61.0)
Tajikistan	(5.8)	(4.4)
Uzbekistan	19.6	8.2
Georgia	(14.9)	(2.0)
Armenia	23.2	3.3
Intersegment transactions and minority interest	(63.7)	(8.1)
Cumulative effect of changes in accounting principles		(1.9)
Total Net Income	1,462.7	811.5

The increase in our total net income in 2007 was primarily attributable to the reasons set out above.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Operating Revenues

Our net operating revenues increased by 51.6% to US$4,868.0 million during 2006 from US$3,211.1 million during 2005. Net operating revenues from our operations in Russia, excluding intragroup transactions, increased by 45.1% to US$4,400.3 million during 2006 from US$3,033.0 million during 2005. Net operating revenues from our operations in Russia constituted 90.4% of our total net operating revenues during 2006 compared to 94.5% in 2005.

We increased our net operating revenues in 2006 primarily as a result of the improved quality of our subscriber base, increased traffic on our network, an increase in interconnect fees between mobile operators, a conservative pricing policy and the introduction of a first-minute charge on certain tariff plans, as well as our switch to Russian ruble denominated tariffs and the implementation of a fixed exchange rate for our U.S dollar linked tariffs.

Service revenues. Our service revenues increased by 52.7% to US$4,847.7 million during 2006 from US$3,175.2 million during 2005. Service revenues constituted approximately 99.6% and 98.9% of our net operating revenues for the years ended December 31, 2006 and 2005, respectively.

During 2006, we generated US$3,415.4 million of our services revenues from airtime charges from contract and prepaid subscribers and monthly contract fees, or 70.2% of net operating revenues, compared to US$2,394.9 million, or 74.6% of net operating revenues in 2005. The increase was primarily related to increased traffic on our network.

During 2006, we generated US$503.9 million of our service revenues from interconnect revenues, or 10.3% of net operating revenues, compared to US$83.1 million, or 2.6% of net operating revenues in 2005. This increase was primarily related to changes implemented by us in connection with the introduction of CPP in July 2006. Specifically, in response to the introduction of CPP we began to charge fixed-line operators rather than our subscribers for incoming calls, we increased interconnect fees with other mobile operators and we increased pricing on some tariff plans.

During 2006, we generated US$149.5 million of our service revenues from roaming revenues generated by our subscribers, or 3.1% of net operating revenues, compared to US$115.2 million, or 3.6% of net operating revenues in 2005. During 2006, we generated US$126.8 million of our service revenues from roaming revenues received from other mobile services operators for providing roaming services to their subscribers, or 2.6% of net operating revenues, compared to US$114.2 million, or 3.6% of net operating revenues in 2005. These increases were primarily due to improved and expanded network coverage and an increase in the number of our roaming partners. Our service revenues, excluding roaming revenues, grew at a faster rate than our roaming revenues. As a result, roaming revenues as a percentage of our net operating revenues decreased from 7.1% during 2005 to 5.7% during 2006.

During 2006, we generated US$641.2 million of our service revenues from value added services, or 13.2% of net operating revenues, compared to US$456.0 million, or 14.2% of net operating revenues in 2005. In Russia, we generated US$603.3 million of revenues from value added services, or 94.1% of our revenues from value added services, in 2006, compared with US$448.0 million of revenues from value added services, or 98.2% of our revenues from value added services, in 2005. We do not derive a significant amount of revenue from value added services in the CIS. The increase in our value added services revenues was primarily due to increased consumption of value added services during 2006 compared to 2005 as a result of our promotional and marketing campaigns.

Revenues from sales of handsets and accessories. Revenues from sales of handsets and accessories during 2006 decreased by 36.7% to US$19.3 million from US$30.5 million during 2005, primarily as a result of a decrease in the price of handsets and an increase in dealer sales (as opposed to sales directly from our company).

Operating Expenses

Our total operating expenses increased by 55.4% to US$3,470.7 million during 2006 from US$2,233.1 million during 2005. Total operating expenses from our operations in Russia increased by 45.5% to US$2,998.6 million during 2006 from US$2,060.5 million during 2005. Total operating expenses from our operations in Russia constituted 86.4% of our total operating expenses during 2006 compared to 92.3% in 2005.

Service costs. Our service costs increased by 69.7% to US$872.4 million during 2006 from US$514.1 million during 2005. As a percentage of total operating expenses, our service costs increased to 25.1% during 2006 from 23.0% during 2005. Our gross margin decreased to 82.0% during 2006 from 83.8% during 2005.

Our service costs increased slightly relative to the growth in operating revenues primarily due to increased interconnect costs primarily as a result of the introduction of CPP. As a percentage of net operating revenues, our service costs increased to 17.9% during 2006 from 16.0% during 2005.

Cost of handsets and accessories. Our cost of handsets and accessories decreased by 35.3% to US$18.3 million during 2006 from US$28.3 million during 2005. This decrease was primarily due to the decreased volume of sales of handsets. Our cost of handsets and accessories as a percentage of net operating revenues declined to 0.4% during 2006 compared to 0.9% during 2005.

Selling, general and administrative expenses. Our selling, general and administrative expenses increased by 38.5% to US$1,503.6 million during 2006 from US$1,085.8 million during 2005. The increase in selling, general and administrative expenses resulted primarily from a US$38.9 million increase in dealers commissions and advertising expenses relating to the acquisition of new subscribers, a US$91.2 million increase in technical support and maintenance expenses due to increased equipment-related costs and payments for licenses, frequencies and permissions and a US$28.1 million increase in dealer commissions for the sale of prepaid subscriber cards and payments due to increased revenues. In addition, approximately US$240.7 million of the increase in our selling, general and administrative expenses is due to other general and administrative expenses related to our regional and CIS expansion, including US$15.7 million of general and administrative expenses of the companies we acquired in 2006.

In accordance with the Communications Law, beginning May 2, 2005, we began making payments to the universal services fund. In 2006, we made total payments to the fund in the amount of approximately US$41.7 million, a US$18.9 million increase compared to 2005.

As a percentage of net operating revenues, our selling, general and administrative expenses declined during 2006 to 30.9% compared to 33.8% during 2005.

Depreciation and amortization expense. Our depreciation and amortization expense increased by 77.7% to US$1,054.5 million during 2006 from US$593.3 million during 2005. The overall increase in depreciation and amortization expense was due to an increase in capital expenditures in Russia, Kazakhstan, Ukraine and Tajikistan. In addition, Unitel, Mobitel and ArmenTel, all of which we acquired in 2006, had depreciation and amortization expense of US$20.2, US$1.9 and US$11.1 million, respectively, in 2006.

Provision for doubtful accounts. Our provision for doubtful accounts increased by 87.9% to US$21.8 million during 2006 from US$11.6 million during 2005 in line with the growth of our operating revenues. As a percentage of net operating revenues, provision for doubtful accounts in 2006 was the same as in 2005, or 0.4%.

Operating Income

Primarily as a result of the foregoing, our operating income increased by 42.9% to US$1,397.3 million during 2006, from US$978.0 million during 2005. In 2006, our operating income in Russia grew by 44.3% to US$1,403.2 million compared to US$972.7 million in 2005, which was primarily attributable to increased traffic on our networks, the introduction of Russian ruble denominated tariffs and an increase in interconnect charges between mobile operators, as well as management s efforts to control costs. In 2006, our operating income in Kazakhstan grew by 395.8% to US$47.6 million compared to US$9.6 million in 2005 primarily due to an increase in our subscriber base, along with a stable ARPU. In 2006, we had an operating loss of US$61.7 million in Ukraine that was mainly due to costs associated with launching our commercial operations in April 2006, significant growth of advertising expenses due to active sales and subscriber base growth and the opening of branches countrywide, which resulted in technical and administrative expense growth. We believe that the increase in our total operating income in 2006 was primarily attributable to our focus on revenue growth and stabilizing ARPU, which, when combined with our ability to control costs relative to growth, resulted in an increase in our operating income during 2006.

Other Income and Expenses

Interest expense. Our interest expense increased 26.4% to US$186.4 million during 2006 from US$147.4 million during 2005. The increase in our interest expense during this period was primarily attributable to an increase in the overall amount of our debt during 2006.

Foreign currency exchange gain/loss. We recorded a US$24.6 million foreign currency exchange gain during 2006 as compared to a US$7.0 million foreign currency exchange gain during 2005. The appreciation of the Russian ruble against the U.S. dollar during 2006 resulted in a significant foreign exchange gain during 2006 from a corresponding revaluation of our U.S. dollar denominated financial liabilities under our loan agreements. In order to reduce our foreign currency risk, in June and July 2006, we entered into a series of forward agreements to acquire US$570.0 million in Russian rubles to hedge our short-term U.S. dollar denominated liabilities due in the third and fourth quarters of 2006. In November 2006, we entered into another series of forward agreements to acquire US$972.7 million in Russian rubles to hedge our U.S. dollar denominated liabilities due in 2007 and the first quarter of 2008 (including a swap agreement in the principal amount of US$236.1 million). As of December 31, 2006, we had swap and forward agreements to purchase U.S. dollars for Russian rubles in an aggregate amount of US$972.7 million. In August 2006, we entered into a forward agreement to acquire US$110.0 million in Kazakh tenge to hedge financial liabilities of KaR-Tel. In October 2006, the forward agreement was restructured into a swap agreement in a principal amount of US$100.0 million to purchase U.S. dollars for Kazakh tenge at the fixed rate of 122.64 Kazakh tenge per U.S. dollar and transfer our floating U.S. dollar interest rate loans to a fixed Kazakh tenge loan with an interest rate of 9.9%. As of December 31, 2006, we had a swap agreement to purchase U.S. dollars for Kazakh tenge with principal amount of US$97.8 million.

Income tax expense. Our income tax expense increased 76.0% to US$390.7 million during 2006 from US$221.9 million during 2005. This income tax expense consisted of current and deferred taxes. The increase was primarily due to the increase in our taxable income and provisioned risks related to the tax claim in the tax inspectorate s final decision relating to review of our 2003 and 2004 tax filings. During 2006, following the court rulings in the litigation relating to the final tax decision for 2003 and 2004, we reassessed the risk relating to potential additional tax liability in periods following 2004 and recorded a charge of US$25.8 million in the income tax expense line and a charge of US$24.2 million in the other expenses line of the consolidated statement of income for the year ended December 31, 2006. Our effective income tax rate of 32.2% during 2006 was higher than our effective income tax rate of 26.4% in 2005.

Net income and net income per share

In 2006, our net income was US$811.5 million, or US$15.94 per common share (US$0.80 per ADS), compared to US$615.1 million or US$12.05 per common share (US$0.60 per ADS) during 2005. In 2006, we reported diluted net income of US$15.93 per common share (US$0.79 per ADS), compared to diluted net income of US$12.04 per common share (US$0.60 per ADS) during 2005.

The table below provides selected information about net income of our seven reportable segments for the year ended December 31, 2006 compared to the year ended December 31, 2005 (in millions of U.S. dollars):

	As of December 31,	
	2006	**2005**
Net Income:		
Russia	857.6	620.3
Kazakhstan	19.8	2.3
Ukraine	(61.0)	(4.1)
Tajikistan	(4.4)	
Uzbekistan	8.2	
Georgia	(2.0)	
Armenia	3.3	
Intersegment transactions and minority interest	(8.1)	(3.4)
Cumulative effect of changes in accounting principles	(1.9)	
Total Net Income	**811.5**	**615.1**

The increase in our total net income in 2006 was primarily attributable to the reasons set out above.

Liquidity and Capital Resources

Consolidated Cash Flow Summary

The following table shows our cash flows for the years ended December 31, 2007, 2006 and 2005 (in millions of U.S. dollars):

	As of December 31,		
	2007	**2006**	**2005**
Consolidated Cash Flow:			
Net cash flow provided by operating activities	US$ 3,037.7	US$ 1,971.3	US$ 1,292.9
Net cash flow (used in) provided by financing activities	(193.7)	292.9	364.9
Net cash flow used in investing activities	(2,234.6)	(2,287.0)	(1,590.9)
Effect of exchange rate changes on cash and cash equivalents	49.8	3.7	(9.2)
Net cash flow	659.2	(19.2)	57.8

During the years ended December 31, 2007, 2006 and 2005, we generated positive cash flows from our operating activities and negative cash flows from investing activities. During the year ended December 31, 2007, we recorded a positive free cash flow (before acquisitions) of US$1,264.9 million. We calculate free cash flow as net cash provided by our operating activities (in the amount of US$3,037.7 million), less capital expenditures (excluding acquisitions) (in the amount of US$1,772.8 million). Cash flow from financing activities was negative during the year ended December 31, 2007, and positive during the years ended December 31, 2006 and 2005. The negative cash flow from financing activities during the year ended December 31, 2007 was primarily the result of our payment of cash dividends of US$331.9 million (including related withholding tax). The positive cash flow from financing activities during December 31, 2006 was mostly due to the receipt of proceeds from a US$367.2 million loan to our company by UBS (Luxembourg) S.A. in connection with the sale of an aggregate of US$600.0 million 8.25% loan participation notes issued by, but without recourse to, UBS (Luxembourg) S.A. (US$232.8 million of these loan participation notes was used to exchange loan participation notes issued in June and July 2004). The positive cash flowfrom financing activities during the year ended December 31, 2005 was primarily a result of our receipt of proceeds from a loan to our company by UBS (Luxembourg) S.A. in connection with the sale of an aggregate of US$300.0 million 8.0% loan participation notes issued by, but without recourse to, UBS (Luxembourg) S.A. in February 2005, as well as the receipt of proceeds from a syndicated loan in the aggregate amount of US$425.0 million.

As of December 31, 2007, our cash and cash equivalents balance was US$1,003.7 million (primarily held in U.S. dollars and Russian rubles), compared to US$344.5 million as of December 31, 2006. As of December 31, 2007, we had negative working capital of US$272.8 million, compared to negative working capital of US$487.4 million as of December 31, 2006. Working capital is defined as current assets less current liabilities. The improvement in our negative working capital as of December 31, 2007 was primarily due to the increase in cash and cash equivalents and short-tem cash deposits that compensated for the increase in our accounts payable, customer advances and accrued liabilities. As of December 31, 2007, customer advances amounted to US$386.9 million compared to US$282.6 million as of December 31, 2006. The growth in our accounts payable and customer advances as of December 31, 2007 was primarily due to an increase in the volume of our operations. The increase in accrued liabilities was primarily due to an increase in accrual for stock based compensation. For a discussion of our cash and cash equivalents and working capital on a pro forma basis after giving effect to the GTI Acquisition, the GTI Financing Transactions and the Other Financing Transactions, see Future liquidity and capital requirements.

Operating activities

During 2007, net cash provided by operating activities was US$3,037.7 million, a 54.1% increase over the US$1,971.3 million of net cash provided by operating activities during 2006, which in turn was a 52.5% increase from the US$1,292.9 million of net cash provided by operating activities during 2005. The improvement in net cash from operating activities during 2007 as compared to 2006 and 2005 was primarily due to the increased net income and the increase in the volume of operations, which, in turn, was primarily the result of an increase in the number of subscribers during these periods and increased usage of our mobile services by existing subscribers. In 2007, there were no significant changes in the terms of payments to our suppliers and our policies in respect of customer advances and accounts payable as compared to 2006 and 2005.

Financing activities

The following table provides a summary of VimpelCom s outstanding indebtedness with an outstanding principal balance exceeding US$10.0 million as of December 31, 2007. For additional information on this indebtedness, please refer to the notes to VimpelCom s consolidated financial statements contained elsewhere in this Form 6-K. For information regarding changes in certain of our outstanding indebtedness subsequent to December 31, 2007, including indebtedness incurred and assumed in connection with our acquisition of Golden Telecom, see 2008 below. For a description of some of the risks associated with certain of our indebtedness, please refer to the section of this Form 6-K entitled Risk Factors.

Borrower	Type of debt/lender	Interest_rate	Outstanding debt (In millions)	Maturity date	Guarantor	Security
VimpelCom	Loan from UBS (Luxembourg) S.A. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A.)	8.25%	US$600.0	May 22, 2016	None	None
VimpelCom	Loan from UBS (Luxembourg) S.A. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A.)	8.375%	US$300.0	October 22, 2011	None	None
VimpelCom	Loan from UBS (Luxembourg) S.A. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A.)	8.0%	US$300.0	February 11, 2010	None	None
VimpelCom	Loan from Sberbank	8.5%	US$244.4 (RUR 6,000.0)	August 30, 2009	None	Promissory notes

Borrower	Type of debt/lender	Interest_rate	Outstanding debt (In millions)	Maturity date	Guarantor	Security
VimpelCom	Syndicated loan arranged by Citibank, N.A. and Sumitomo Mitsui Banking Corp. Europe Limited (SMBCE)	LIBOR plus 1.35% (A) and 1.5% (B)	US$229.4	November 18, 2008	None	None
VimpelCom	Loan from UBS (Luxembourg) S.A. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A.)	10.0%	US$217.2[1]	June 16, 2009	None	None
URS	Loan arranged by Standard Bank Plc, SMBCE and VTB Bank Europe plc	LIBOR plus 1.15%	US$100.0	March 26, 2010	VimpelCom	None
KaR-Tel	Loan from European Bank of Reconstruction and Development	LIBOR plus 3.9% (A) and 3.5% (B)	US$90.0	December 18, 2010 (A) and December 18, 2008(B)	VimpelCom for up to US$20.0 million	None
VimpelCom	Loan from HSBC Bank plc	6 month MOSPRIME plus 0.08%	US$82.2	March 28, 2014	EKN	None
VimpelCom	Loan arranged by Citibank, N.A.	LIBOR plus 0.1%	US$77.6	November 7, 2012	Euler Hermes Kreditver-sicherungs (Hermes)	None
VimpelCom	Loan from Svenska Handelsbanken	LIBOR plus 0.325%	US$71.2	November 30, 2012	Swedish Export Credits Guarantee Board (EKN)	None
VimpelCom	Loan from Sberbank	8.5%	US$64.9	April 14, 2009	None	Common stock of RTI and promissory notes
VimpelCom	Syndicated loan arranged by Citibank, N.A. and Standard Bank London Limited	LIBOR plus 1.0%	US$47.2	February 28, 2008	None	None

Borrower	Type of debt/lender	Interest_rate	Outstanding debt (In millions)	Maturity date	Guarantor	Security
VimpelCom	Loans from Bayerische Hypo- und Vereinsbank and Nordea Bank AG	LIBOR plus 0.35%	US$41.0	May 6, 2010 and May 17, 2010	Hermes	None
URS	Loan from Raiffeisen Zentralbank Österreich AG	LIBOR plus 1.25%	US$40.0	October 19, 2009	VimpelCom	None
URS	Loan from Bayerische Landesbank	LIBOR plus 1.0%	US$40.0	December 12, 2009	VimpelCom	None
VimpelCom	Loan from Svensa Handelsbanken	LIBOR plus 0.325%	US$34.8	May 20, 2011	EKN	None
KaR-Tel	Loan from Bayerische Hypo- und Vereinsbank AG	LIBOR plus 0.4%	US$21.9	May 4, 2011	Hermes and ATF Bank (for up to US$20.0 million)	ATF Bank guarantee secured by network equipment
Armentel	Equipment financing agreement with Intracom S.A. Telecom Solutions	Various rates	US$21.0 (14.5)	Various dates through 2012	None	None
KaR-Tel	Loan from Citibank International plc	LIBOR plus 0.3%	US$26.0	August 28, 2011	British Export Credits	None
KaR-Tel	Loan arranged by Citibank, N.A.	LIBOR plus 0.25%	US$16.0	January 24, 2010 and July 24, 2010	Guarantee Department (ECGD) and VimpelCom up to an aggregate of US$30.0 million (for both loans)	None
Unitel	Equipment financing agreement with Huawei	8.0%	US$17.6	Various dates through 2009	None	Network equipment
KaR-Tel	Loan from Bayerische Hypo- und Vereinsbank AG	LIBOR plus 0.2%	US$11.8	December 21, 2011	EKN	None

Borrower	Type of debt/lender	Interest_rate	Outstanding debt (In millions)	Maturity date	Guarantor	Security
Armentel	Loan from BNP Paribas	6 month EURIBOR plus 0.9%	US$13.8 (9.8)	Various dates through 2012	None	None
Freevale Enterprises Inc.[2]		61.0%	US$26.0	August 31, 2009	None	None
URS	Loan from OTP Bank	LIBOR plus 3.0%	US$10.0	November 9, 2009	VimpelCom	None
Other loans, equipment financing and capital lease obligations			US$22.6			

(1) In connection with the exchange offer by our company completed in May 2006, the outstanding principal amount due under this loan was reduced from US$450.0 million to US$217.2 million.

(2) In April 2007, we entered into an agreement to sell a 33.3% ownership interest in its wholly-owned subsidiary, Freevale Enterprises, Inc. (BVI) for a sale price of US$20.0 million. Freevale Enterprises owns 21.0% of Unitel. The sale effectively represents 7.0% of Unitel. The transaction was finalized on June 14, 2007. In connection with this agreement, the purchaser granted us an option to acquire the entire remaining interest held by the purchaser and, simultaneously, we granted the purchaser an option to sell to us the entire remaining interest held by the purchaser. The future price is based on a prescribed formula; however in no event will the future price be less than US$57.5 million or more than US$60.0 million. Following the provisions of EITF No. 00-4, Majority Owner s Accounting for a Transaction in the Shares of a Consolidated Subsidiary and a Derivative Indexed to the Minority Interest in That Subsidiary, the sale consideration was accounted for as a secured borrowing of US$20.0 million. The borrowing will be accreted to the minimum purchase price of the put and call arrangement up to August 31, 2009, which is the date at which the put and call options first become exercisable. As of December 31, 2007, principal amount of debt outstanding under this agreement was US$26.0 million.

In August 2007, the Russian Federal Financial Markets Service registered our documentation for our potential issuance of Russian ruble-denominated bonds. Our company has not issued these bonds but, depending on our funding needs, we may decide to issue them within one year of the date on which the Russian Federal Financial Markets Service registered the documentation. The bonds may be issued in two series with face values of 10,000.0 million Russian rubles and 5,000.0 million Russian rubles, respectively, and the coupon rate for each series will be determined by market conditions at the time of issuance.

2008.

VimpelCom. On February 8, 2008, we entered into a facility agreement with ABN AMRO Bank N.V., London Branch, Barclays Capital, BNP Paribas, CALYON, Citibank, N.A., HSBC Bank plc, ING Bank N.V. and UBS Limited as mandated lead arrangers and bookrunners and Citibank International plc as agent. The facility comprises a 12-month bridge facility in an aggregate principal amount of US$1,500.0 million, maturing on February 8, 2009, and a syndicated three-year term loan facility in an aggregate principal amount of US$2,000.0 million, maturing on February 8, 2011. The bridge facility bears interest at a rate of LIBOR plus 0.75% per annum for the first six months, LIBOR plus 1.0% per annum for the next three months and LIBOR plus 1.25% per annum thereafter. The term loan facility bears interest at a rate of LIBOR plus 1.5% per annum. On February 19, 2008, we drew down US$3,500.0 million under this facility agreement. As of the date of this Form 6-K, the principal amount outstanding under this facility is US$3,500.0 million.

On February 13, 2008, we advanced to Crowell Investments Limited 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 50% less one share of Kar-Tel s parent company, Limnotex Developments Limited. To secure its borrowing, Crowell gave us a security interest over 25.0% of the shares of Limnotex.

On February 14, 2008, we signed a five-year loan agreement with Sberbank. The loan is for an aggregate principal amount of the Russian ruble equivalent of US$750.0 million and matures on February 13, 2013. The loan bears interest at a rate of 9.5% per annum for the first two years and 9.25% per annum for the third and subsequent years. On February 29, 2008, we drew down the Russian ruble equivalent of US$200.0 million under this loan. As of the date of this Form 6-K, the principal amount outstanding under this loan is US$200.0 million.

On February 28, 2008, we repaid the US$47.2 million outstanding principal amount under our syndicated loan arranged by Citibank, N.A. and Standard Bank London Limited.

Golden Telecom. On February 28, 2008, we completed our acquisition of 100.0% of Golden Telecom. In September 2006, Golden Telecom s wholly owned subsidiary Sovintel entered into a 90-day short term, revolving credit facility for up to US$15.0 million with ZAO Citibank. The facility bears interest at a rate of 8.0% per annum. The facility requires Sovintel to maintain accounts with ZAO Citibank in the currencies of the loan and to ensure that the aggregate amount of incoming payments credited to Sovintel s accounts with ZAO Citibank in any calendar month is equal to, or greater than 30% of the aggregate amount of the loans outstanding as of the last day of such month. As of December 31, 2007, the principal amount outstanding under this facility was $14.7 million.

On January 25, 2007, Golden Telecom and its wholly owned subsidiaries GTS Finance, Inc. and Sovintel entered into a term facility agreement for up to US$275.0 million with Citibank, N.A., London Branch, and ING Bank N.V. as mandated lead arrangers, Citibank International plc as agent and certain other banks and financial institutions as lenders. The facility was amended on March 22, 2007 and November 20, 2007, matures on January 25, 2012 and bears interest at a rate of LIBOR plus 1.5% per annum for the first two years and LIBOR plus 2.0% per annum thereafter. Amounts under this facility may be borrowed by any of the three borrowers, Golden Telecom, GTS Finance and Sovintel, and must be cross-guaranteed by the other borrowers. The facility agreement places various financial and non-financial covenants on Golden Telecom including restrictions related to incurrence of debt, asset disposals, mergers and acquisitions and negative pledges. As of December 31 2007, the principal amount outstanding under this facility was US$225.0 million, and Golden Telecom had the ability to borrow up to an additional $50.0 million under the facility agreement.

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 2007, our total payments for purchases of equipment, intangible assets, software and other non-current assets were approximately US$1,690.7 million (compared to US$1,607.2 and US$1,515.3 million during 2006 and 2005, respectively). In 2007, our total payments in respect of acquisitions (net of cash holdings of acquired companies) were approximately US$301.3 million (compared to US$679.8 million and US$308.1 million during 2006 and 2005, respectively).

Acquisitions and dispositions

Our significant acquisitions and disposals from 2005, 2006 and 2007 are described below.

In July 2005, we acquired 84.4% of the issued and outstanding shares of STM for a purchase price of US$51.2 million. At the same time, we also acquired 60.0% of Limited Liability Company Joint Venture Sakhalin Telecom Limited, or Sakhalin Telecom, a fixed-line alternative operator, for a purchase price of US$5.0 million. We subsequently sold Sakhalin Telecom in September 2005 to Sovintel for approximately US$5.0 million. At the time we acquired Sakhalin Telecom, it owned 5.2% of STM, which we subsequently purchased for US$3.2 million, increasing our share in STM to 89.6%. STM held GSM-1800 and D-AMPS licenses for the territory of Sakhalin, one of the regions within the Far East super-region where we do not have a super-region license to conduct cellular operations. At the time of its acquisition, STM had approximately 96,000 subscribers.

On August 22, 2005, we completed the sale of a minority interest of 50.0% less one share in KaR-Tel s parent company, Limnotex, to Crowell for a purchase price of US$175.0 million. Following the transaction, we owned 50.0% plus one share of KaR-Tel. In addition, we entered into a shareholders agreement with Crowell that, among other things, grants us a call option to re-acquire 25.0% less one share of Limnotex at any time and an additional call option to re-acquire the remaining 25.0% share in Limnotex in the event of a deadlock at a shareholders meeting, in each case at a price based upon a prescribed formula.

On November 10, 2005, we acquired 100.0% of URS, a cellular operator in Ukraine, through the acquisition of 100.0% of the issued and outstanding stock of each of its shareholders Crayola Properties Limited, Cradel Investments Limited,Wintop Management Limited, Crisden Holdings Limited and Cellcroft Holding Limited. The total cash purchase price of URS was US$231.2 million plus the assumption of approximately US$23.5 million in debt. URS had a GSM-900 license that covers the entire territory of Ukraine and a GSM-1800 license that covers 23 of Ukraine s 27 administrative regions (excluding the City of Kyiv, the Kyiv Region, the Dnipropetrovsk Region and the Odessa Region). At the time of its acquisition, URS had approximately 240,000 subscribers. Our acquisition of URS was challenged by Telenor. For a discussion of some of the risks associated with our acquisition of URS, please see the sections of this Form 6-K entitled Risk Factors Risks Related to Our Business We have a limited non-compete agreement with our strategic shareholders and our strategic shareholders may pursue different development strategies from us and 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, Risk Factors Risks Related to Our Business Our acquisition of URS was challenged by Telenor and may be further challenged by Telenor or other parties in the future, Risk Factors Risks Related to Our Business The Telenor Nominees have alleged possible conflicts of interest arising from the possible business relationships between the Alfa Group Nominees and the sellers of URS and Risk Factors Risks Related to Our Business The Telenor nominees have alleged that our prior disclosure with respect to the URS acquisition and other matters has been inadequate, and the Telenor Nominees voted against approval of our Annual Report on Form 20-F for each of the years ended December 31, 2005 and 2006 and our U.S. GAAP financial statements for 2005 and 2006.

On December 29, 2005, we acquired a 60.0% interest in Tacom, a cellular operator in Tajikistan, for a purchase price of US$11.1 million. Tacom held national GSM-900/1800, UMTS and AMPS licenses. At the time of its acquisition, Tacom had approximately 10,000 subscribers. In connection with our acquisition of Tacom, we entered into a shareholders agreement with the remaining shareholders of Tacom that grants us an option to acquire up to the entire remaining interests held by the shareholders under certain circumstances for a price specified in a prescribed formula. On December 22, 2006, we acquired an additional 20.0% of Tacom for a purchase price of US$5.0 million. Thus we increased our stake in Tacom to 80.0%.

On January 18, 2006, we acquired 100.0% of Buztel for a purchase price of US$60.0 million plus the assumption of approximately US$2.4 million in debt. On February 9, 2006, we acquired 100.0% of Unitel for a purchase price of US$200.0 million plus the assumption of approximately US$7.7 million in debt. Buztel and Unitel held national GSM-900 and GSM-1800 licenses. At the time of their acquisitions, Buztel and Unitel had approximately 2,500 and 364,000 subscribers, respectively. In July 2006, we merged Buztel into Unitel.

On July 11, 2006, we acquired 51.0% of Mobitel and a call option for the remaining 49.0% for a purchase price of US$12.6 million plus the assumption of approximately US$0.2 million in net debt of Mobitel. Mobitel held a national GSM-1800 license that covers the entire territory of Georgia. At the time of its acquisition, Mobitel had no subscribers.

On November 16, 2006 we acquired 90.0% of ArmenTel, which held a GSM-900 license and had fixed line operations in Armenia, for a purchase price of approximately US$445.0 million. At the time of its acquisition, ArmenTel had approximately 400,000 mobile subscribers and 600,000 fixed line subscribers.

On December 14, 2006, we acquired 75.0% of Limited Liability Company Dominanta, a mobile digital television services company in the DVB-H standard in Moscow and the Moscow region, for a purchase price of approximately US$10.5 million. At the time of its acquisition, Dominanta had no subscribers. In connection with this transaction, the seller granted us an option to acquire the entire interest held by the seller and we granted the seller an option to sell to us its entire interest under certain circumstances for a price to be determined based on a prescribed procedure.

From December 2006 through September 2007, KaR-Tel acquired 100.0% of Limited Liability Partnership Teta Telecom, a holding company which holds 100.0% of Limited Liability Partnership KZ-Trans, a fiber-optic operator in Kazakhstan, and a minority interest in Limited Liability Partnership TNS-Plus, which holds a license for long-distance operations, for an aggregate purchase price of approximately US$10.1 million. Teta Telecom increased its stake in TNS-Plus from 2.0% to 49.0%, for an aggregate consideration of approximately US$4.5 million. Teta Telecom also has the right to acquire an additional 2.0% interest in TNS-Plus (bringing its total shareholding to 51.0%) upon a change in Kazakh legislation allowing foreign entities to control longdistance operators.

In April 2007, we entered into an agreement to sell a 33.3% ownership interest in its wholly-owned subsidiary, Freevale Enterprises, Inc. (BVI) for a sale price of US$20.0 million. Freevale Enterprises owns 21.0% of Unitel. The sale effectively represents 7.0% of Unitel. The transaction was finalized on June 14, 2007. In connection with this agreement, the purchaser granted us an option to acquire the entire remaining interest held by the purchaser and, simultaneously, we granted the purchaser an option to sell to us the entire remaining interest held by the purchaser.

On April 18, 2007, we acquired the remaining 10.0% of ArmenTel that we did not already own from the Government of Armenia. The purchase price of the additional 10.0% was US$55.9 million, which constitutes approximately 1/9th of the final price paid by us for the 90.0% of the shares of ArmenTel when we acquired ArmenTel in November 2006. In addition, in the third quarter of 2007 we paid a purchase price adjustment of approximately US$0.7 million representing 10.0% of the undistributed net profit of ArmenTel for the period from December 1, 2006 to March 31, 2007.

On August 13, 2007, we acquired Closed Joint Stock Company Corporation Severnaya Korona or CSK, which holds GSM 900/1800 and D-AMPS licenses covering the Irkutsk Region. We acquired 100.0% of the shares of CSK for approximately US$235.5 million. At the time of its acquisition, CSK had approximately 571,000 subscribers.

Recent transactions

Golden Telecom. On December 21, 2007, two of our subsidiaries and Golden Telecom, a leading provider of fixed-line telecommunications and Internet services in major population centers throughout Russia and other countries in the CIS, signed a definitive merger agreement pursuant to which an indirect wholly-owned subsidiary of our company commenced a tender offer on January 18, 2008, to acquire 100.0% of the outstanding shares of Golden Telecom s common stock at a price of US$105.0 per share in cash. The initial tender offer period and subsequent tender offer period closed on February 26, 2008 with 94.4% of the outstanding shares of Golden Telecom s common stock being tendered. On February 28, 2008, our indirect wholly-owned subsidiary was merged with and into Golden Telecom and Golden Telecom became our indirect wholly-owned subsidiary. The total purchase price for 100.0% of the shares of Golden Telecom was US$4,315.2 million. In connection with the merger, the outstanding and unvested employee stock options and stock appreciation rights relating to Golden Telecom s common stock were converted into the right to receive US$105.0 in cash less the exercise price relating to such options and US$53.8 in cash less the exercise price relating to such rights, respectively. The right to receive such payments continues to vest in accordance with the original vesting schedules for such options and rights respectively.

Vietnam. In September 2007, we signed a principal agreement with the Ministry of Public Security of Vietnam and The Millennium Global Solutions Group, Inc., a U.S. company, that contemplates the establishment of a mobile telecommunications joint venture in Vietnam. The establishment of the joint venture, including the shareholder structure, terms and amounts of investment and corporate governance remain subject to negotiation and execution of final joint venture documents, receipt of regulatory approvals, and corporate approvals of the parties. We have continued negotiations and expect that the terms of the joint venture agreement, if concluded, will differ from the terms contemplated by the principal agreement.

Future liquidity and capital requirements

Telecommunications service providers require significant amounts of capital to construct networks and attract subscribers. In the foreseeable future, our further expansion will require significant investment activity, including the acquisition of equipment and possibly the acquisition of other companies. In addition, as of December 31, 2007, approximately US$526.5 million of our contractual obligations were scheduled to mature prior to December 31, 2008.

Our capital investments for 2007 were approximately US$1,772.8 million for the purchase of property and for 2006 were approximately US$1,512.1 million for the purchase of property.

We estimate that our aggregate capital expenditures during 2008 will be equal to approximately US$2,900.0 million. During 2008, we plan to invest in our mobile operations, including for our GSM network development in Russia and the CIS and 3G network development in Russia. During 2008, we also plan to invest in the development of Golden Telecom s operations. The actual amount of our capital expenditures for 2008 will be influenced by the pace of subscriber growth over the remainder of 2008.

On April 16, 2008, our board of directors recommended that our shareholders approve at the next annual general meeting of shareholders on June 9, 2008 annual dividends in the amount of 270.01 Russian rubles per common share (or approximately US$0.58 per ADS based on the exchange rate as of April 16, 2008) for the 2007 fiscal year, amounting to a total of 13.8 billion Russian rubles (or approximately US$588.0 million based on the exchange rate of April 16, 2008) to be payable within 60 days of approval at the shareholders meeting.

We anticipate that the funds necessary to meet our current capital requirements and those to be incurred in the foreseeable future (including with respect to any possible acquisitions) will come from:

- cash currently held by our company;
- operating cash flows;
- Export Credit Agency guaranteed financing;
- borrowings under bank financings, including credit lines currently available to us;
- syndicated loan facilities; and
- debt financings from Russian and international capital markets.

We believe that funds from a number of these sources, coupled with cash on hand, will be sufficient to meet our projected capital requirements for the next 12 months.

As of December 31, 2007, on a pro forma basis after giving effect to the GTI Acquisition, the GTI Financing Transactions and the Other Financing Transactions, our cash and cash equivalents balance would have been US$223.7 million and we would have had US$640.0 million available to us under undrawn debt facilities. As of December 31, 2007, on a pro forma basis after giving effect to the GTI Acquisition, the GTI Financing Transactions and the Other Financing Transactions, we would have had negative working capital of US$1,414.7 million. We believe that our working capital is sufficient to meet our present requirements.

We expect positive cash flows from operations will continue to provide us with internal sources of funds as our subscriber base and traffic on our network grows. The availability of external financing is difficult to predict because it depends on many factors, including the success of our operations, contractual restrictions, availability of guarantees from export credit agencies, or ECAs, the financial position of international and Russian banks, the willingness of international banks to lend to Russian companies and the liquidity of international and Russian capital markets. 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, network construction, our acquisition plans and our ability to continue revenue growth and stabilize ARPU. In addition, we are currently actively pursuing opportunities for expansion. We cannot, however, give you any assurance of the exact amount that we will invest in acquiring telecommunications operators or that we will be able to complete any acquisitions successfully. If we make any further significant acquisitions beyond what is currently contemplated by our plan, we will need to increase the amount of additional debt financing over this period above the amount currently projected. For the risks associated with our ability to meet our financing needs, see the section of this Form 6-K entitled Risk Factors Risks Related to Our Business We anticipate that we will need additional capital and we may not be able to raise it.

Debt Maturity Profile

The following table summarizes the contractual principal maturities of our long-term debt, including its current portion, and our minimum payments required under our capital lease obligations, each as of December 31, 2007.We expect to meet our payment requirements under these obligations with cash flows from our operations and other financing arrangements. Subsequent to December 31, 2007, there have been a number of additional changes in certain of our outstanding indebtedness. For more information regarding these changes, see Financing activities 2008 .

	Payments due by period (in millions of U.S. dollars)				
	Total	**Prior to December 31, 2008**	**January 1, 2009 to December 31, 2011**	**January 1, 2012 to December 31, 2013**	**After January 1, 2014**
Debt Obligations[1]					

Bank loans[2]	116.7	445.5	645.1	26.1

Loans from UBS (Luxembourg) S.A. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A.)[2]	1,417.2		817.2		600.0
Equipment financing[3]	232.7	81.0	120.5	25.0	6.2
Ruble denominated bonds					
Capital lease obligations					
Total	2,766.6	526.5	1,582.8	51.1	606.2

(1) Note that debt payments could be accelerated upon violation of debt covenants.
(2) Obligations relating to borrowings refer only to principal payments.
(3) Obligations relating to equipment financing refer only to principal and accrued interest.

For more information on our planned capital expenditures for 2008, please see Future liquidity and capital requirements.

Basis of Presentation of Financial Results

We maintain our records and prepare our statutory financial statements in accordance with Russian accounting principles and tax legislation and in accordance with U.S. GAAP. Our subsidiaries outside of Russia record and prepare their statutory financial statements in accordance with local accounting principles and tax legislation and in accordance with U.S. GAAP. Our subsidiary in Kazakhstan, KaR-Tel, also records and prepares its financial statements in accordance with International Financial Reporting Standards. Our consolidated financial statements have been prepared in accordance with U.S. GAAP. They differ from our financial statements issued for statutory purposes. The principal differences relate to:

- revenue recognition;
- recognition of interest expense and other operating expenses;
- valuation and depreciation of property and equipment;
- foreign currency translation;
- deferred income taxes;
- capitalization and amortization of telephone line capacity;
- valuation allowances for unrecoverable assets;
- capital leases;
- stock based compensations;
- business combinations;

- consolidation and accounting for subsidiaries; and

- provisions for bad debt.

Our company s consolidated financial statements set forth in this Form 6-K include the accounts of our company and our consolidated subsidiaries. All inter-company accounts and transactions have been eliminated. We have used the equity method of accounting for companies in which our company has significant influence. Generally, this represents voting stock ownership of at least 20.0% and not more than 50.0%.

We and our subsidiaries paid taxes computed on income reported for local statutory tax purposes. We based this computation on local statutory tax rules, which differ substantially from U.S. GAAP. Certain items that are capitalized under U.S. GAAP are recognized under local statutory accounting principles as an expense in the year paid. In contrast, numerous expenses reported in the financial statements prepared under U.S. GAAP are not tax deductible under local legislation. As a consequence, our effective tax charge was different under local tax rules and under U.S. GAAP.

Our company s consolidated financial statements set forth in this Form 6-K do not include the accounts of Golden Telecom and its consolidated subsidiaries as we did not complete the acquisition of Golden Telecom until after December 31, 2007.

Certain Factors Affecting our Financial Position and Results of Operations

Our financial position and results of operations as reflected in our consolidated financial statements included elsewhere in this Form 6-K have been influenced by the following additional factors:

Inflation

Russia has experienced periods of high levels of inflation since the early 1990s. In 2006, we introduced a number of Russian ruble denominated tariff plans, which could expose us to additional inflationary risk. Please also see Risk Factors Risks Related to the Economic Situation in Russia and the CIS Sustained periods of high inflation may materially adversely affect our business. Inflation affects the purchasing power of our mass market subscribers. For the years ended December 31, 2007, 2006 and 2005, Russia s inflation rates were 11.9%, 9.0% and 10.9%. For the year ended December 31, 2007, inflation rates in Ukraine, Kazakhstan, Uzbekistan and Armenia were 16.6%, 18.8%, 6.8% and 6.6% respectively.

Foreign Currency Translation

Russia. Until June 30, 2006, the functional currency of a substantial majority of our operations was the U.S. dollar because the majority of our revenues, costs, property and equipment purchased, debt and trade liabilities were either priced, incurred, payable or otherwise measured in U.S. dollars. During the second quarter of 2006, we announced the introduction of a fixed exchange rate for subscriber s payments which are denominated in U.S. dollars or unit equivalents. The exchange rate was fixed at 28.7 Russian rubles to 1 unit. The change to a fixed exchange rate was effective for prepaid subscribers from June 1, 2006 and for other subscribers from July 1, 2006. We retain the right to amend the fixed exchange rate at our discretion. While this change was partially implemented during the second quarter of 2006, the primary economic impact from this policy change was realized in the third quarter of 2006. Accordingly, we changed our functional currency from U.S. dollars to Russian rubles beginning July 1, 2006. Pursuant to the provisions of U.S. Statement of Financial Accounting Standards, or SFAS, No. 52, Foreign Currency Translation, previously issued financial statements should not be restated, and the change in functional currency should be reported prospectively. The impact of the change in functional currency on the financial statements was an increase in the opening translated carrying values of the following non-monetary assets and liabilities as of July 1, 2006 (in thousands of U.S. dollars):

Property and equipment, net	242,169
Software, net	30,350
Telecommunications licenses and allocations of frequencies, net	21,206
Goodwill	11,856
Other non-current assets	4,862
Other	7,786
Deferred taxes	(12,529)
Total	**305,700**

This increase in the opening carrying amount of non-monetary assets and liabilities has been reflected in shareholder s equity as part of other comprehensive income.

We have retained the U.S. dollar as our reporting currency. Therefore, the financial statements, after the change of the functional currency date, were translated into the reporting currency in accordance with SFAS No. 52 using the current rate method.

On December 31, 2007, 2006 and 2005, the official Russian ruble-U.S. dollar exchange rate was 24.5462 Russian rubles per U.S. dollar, 26.3311 Russian rubles per U.S. dollar and 28.78 Russian rubles per U.S. dollar, respectively.

We have implemented a number of risk management activities to minimize currency risk and exposure in Russia and certain of the other countries in which we operate. For information regarding these risk management activities, see Quantitative and Qualitative Disclosures About Market Risk.

Kazakhstan. The national currency of the Republic of Kazakhstan is the Kazakh tenge. Management has determined KaR-Tel s functional currency to be the Kazakh tenge as it reflects the economic substance of the underlying events and circumstances of the company. The Kazakh tenge is not a convertible currency outside Kazakhstan. The Kazakh tenge has seen a steady appreciation against the U.S. dollar since 2003. At December 31, 2007 and 2006 the official Kazakh tenge-U.S. dollar exchange rate was 120.55 and 127.00 tenges, respectively, per U.S. dollar.

Ukraine. The national currency of the Ukraine is the Ukrainian hryvnia. Management has determined URS s functional currency to be the Ukrainian hryvnia as it reflects the economic substance of the underlying events and circumstances of the company. The Ukrainian hryvnia is not a convertible currency outside Ukraine. At December 31, 2007 and December 31, 2006, the official Ukrainian hryvnia-U.S. dollar exchange rate was 5.05 per U.S. dollar.

Tajikistan. The national currency of the Tajikistan is the Tajik somoni. Management has determined Tacom s functional currency to be the U.S. dollar as it reflects the economic substance of the underlying events and circumstances of the company. The Tajik somoni is not a convertible currency outside Tajikistan. At December 31, 2007, the official Tajik somoni-U.S. dollar exchange rate was 3.4645 per U.S. dollar. At December 31, 2006, the official Tajik somoni-U.S. dollar exchange rate was 3.4265 per U.S. dollar.

Uzbekistan. The national currency of the Uzbekistan is the Uzbek sum. Management has determined Unitel s functional currency to be the U.S. dollars as it reflects the economic substance of the underlying events and circumstances of the company. The Uzbek sum is not a convertible currency outside Uzbekistan. At December 31, 2007 the official Uzbek sum-U.S. dollar exchange rate was 1,290.00 per U.S. dollar. At December 31, 2006 the official Uzbek sum-U.S. dollar exchange rate was 1,240.00 per U.S. dollar.

Armenia. The national currency of the Republic of Armenia is the Armenian dram. Management has determined Armentel s functional currency to be the Armenian dram as it reflects the economic substance of the underlying events and circumstances of the company. The Armenian dram is not a convertible currency outside Armenia. At December 31, 2007 the official Armenian dram-U.S. dollar exchange rate was 304.57 drams per U.S. dollar. At December 31, 2006 the official Armenian dram-U.S. dollar exchange rate was 363.50 drams per U.S. dollar.

Georgia. The national currency of the Republic of Georgia is the Georgian lari. Management has determined Mobitel s functional currency to be the Georgian lari as it reflects the economic substance of the underlying events and circumstances of the company. The Georgian lari is not a convertible currency outside Georgia. At December 31, 2007 the official Georgian lari-U.S. dollar exchange rate was 1.5916 per U.S. dollar. At December 31, 2006 the official Georgian lari-U.S. dollar exchange rate was 1.7135 per U.S. dollar.

Conversion of foreign currencies which are not convertible outside the applicable country to U.S. dollars or other foreign currency should not be construed as a representation that such currency amounts have been, could be, or will be in the future, convertible into U.S. dollars or other foreign currency at the exchange rate shown, or at any other exchange rates.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with U.S. GAAP requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual amounts may differ from these estimates. The following critical accounting policies require significant judgments, assumptions and estimates and should be read in conjunction with our consolidated financial statements included elsewhere in this Form 6-K. For a description of the significant accounting policies used by Golden Telecom management in the preparation of Golden Telecom s consolidated financial statements, see note 2 to the Golden Telecom consolidated financial statements.

Revenue Recognition

We earn service revenues for usage of our cellular system, which include airtime charges from contract and prepaid subscribers, monthly contract fees, interconnect fees from other mobile and fixed-line operators, roaming charges and charges for value added services. Interconnect revenue include revenues from mobile and fixed-line operators that was earned from the services rendered for traffic termination from other operators. Roaming revenues include revenues from our customers who roam outside their selected home coverage area and revenues from other mobile carriers for roaming by their customers on our network. Value added services include SMS, MMS, caller number identification, voice mail, call waiting, data transmission, mobile Internet, music downloads and other services. Generally, these features generate additional revenues through monthly subscription fees or increased mobile usage through utilization of the features. Service revenue is generally recognized when the services (including value added services and roaming revenue) are rendered. Prepaid cards, used as a method of cash collection, are accounted as customer advances for future services. Also we use E-commerce systems, retail offices and agent locations as channels for receiving customer payments. Revenues from equipment sales are recognized in the period in which the equipment is sold. Revenues are stated net of value-added tax and sales tax charged to customers.

Our billing cycles cut-off times require us to estimate the amount of service revenue earned but not yet billed at the end of each accounting period. We estimate our unbilled service revenue by reviewing the amounts subsequently billed and estimating the amounts relating to the previous accounting period based on the number of days covered by invoices and other relevant factors. Actual service revenues could be greater or lower than the amounts estimated due to the different usage of airtime in different days. We have analyzed the potential differences and believe that historically they have not been material.

In line with SEC Staff Accounting Bulletin No. 104, Revenue Recognition in Financial Statements, we defer telecommunications connection fees. Deferred revenues are subsequently recognized over the estimated average customer lives under tariff plans, which provide for payment of connection fees and which are periodically reassessed by us, and such reassessment may impact our future operating results.

Property and Equipment

We state our property and equipment at historical cost. We depreciate our telecommunications equipment, including equipment acquired under capital leases, using the straight-line method over its estimated useful life of seven to nine years or the lease term, whichever is shorter. Fixed-line telecommunication equipment is depreciated using the straight-line method over its estimated useful life of twenty years. We depreciate capitalized leasehold improvement expenses for base station positions using the straight-line method over the estimated useful life of seven years, or the lease term, whichever is shorter. We depreciate buildings using the straight-line method over estimated useful lives of twenty years. Office and measuring equipment, vehicles and furniture are depreciated using the straightline method over estimated useful lives ranging from five to ten years. The actual economic lives may be different than our estimated useful lives, thereby resulting in different carrying value of our property and equipment. Changes in technology, our intended use of property and equipment or issues related to our ability to operate in an area due to licensing problems may cause the estimated useful lives or the value of these assets to change. We perform periodic internal studies to confirm the appropriateness of the estimated useful economic lives of our property and equipment. These studies could result in a change in the depreciable lives of our property and equipment and, therefore, our depreciation expense in future periods.

Goodwill and Intangible Assets

We capitalize payments made to third party suppliers to acquire access to and for use of telephone lines (telephone line capacity). These payments are accounted for as intangible assets and are amortized on a straight-line basis over 10 years. Telecommunication licenses are amortized on a straight-line basis within the estimated useful lives determined based on the management estimation of future economic benefits from these licenses. Other intangible assets are amortized on a straight-line basis over their estimated useful lives, generally from four to ten years. Goodwill represents the excess of consideration paid over the fair value of net assets acquired in purchase business combinations. Our other intangible assets are amortized on a straight-line basis over their estimated useful lives, generally from four to ten years.

The actual economic lives of intangible assets may be different than our estimated useful lives, thereby resulting in a different carrying value of our intangible assets with finite lives. In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, we continue to evaluate the amortization period for intangible assets with finite lives to determine whether events or circumstances warrant revised amortization periods. These evaluations could result in a change in the amortizable lives of our intangible assets with finite lives and, therefore, our amortization expense in future periods. Historically we have had no material changes in estimated useful lives of our intangible assets.

In accordance with SFAS No. 142, we test goodwill for impairment on an annual basis. Additionally, goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of an entity below its carrying value. These events or circumstances would include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of our business or other factors. Impairment tests require estimates in respect of the identification of reporting units and their fair value. The determination of whether there are impairment indicators requires judgment on our behalf. We use estimated discounted future cash flows to determine the fair value of reporting units. The use of different estimates or assumptions within our discounted cash flow models when determining the fair value of reporting units may result in different value for our goodwill, and any related impairment charge. Significant assumptions in our valuation of our reporting units include the timing and amount of future cash flows, the appropriate discount rate at which to value those estimated cash flows, and our estimated growth rates during the terminal period.

Long-Lived Assets

We account for impairment of long-lived assets, except for goodwill, in accordance with the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Impairment tests require estimates in respect of the grouping of long-lived assets. We test long-lived assets for impairment when there are indicators of impairment, such as: significant decrease in the market prices of long-lived assets, significant adverse change in the extent or manner in which long-lived assets are being used or in their physical condition, significant adverse change in legal factors or in the business climate that could affect the value of a long-lived assets, including an adverse action or assessment by a regulator, etc. The determination of whether there are impairment indicators requires judgment on our behalf. The use of different assumptions in our estimated future cash flows when determining whether the assets are impaired may result in additional impairment charge.

Allowance for Doubtful Accounts

The allowance estimation process requires management to make assumptions based on historical results, future expectations, the economic and competitive environment, and other relevant factors. Allowances for doubtful accounts receivable are maintained based on historical payment patterns, aging of accounts receivable and actual collection history. We maintain allowances for doubtful accounts for estimated losses from our subscribers inability to make payments that they owe us. In order to estimate the appropriate level of this allowance, we analyze historical bad debts, current economic trends and changes in our customer payment patterns. If the financial condition of our subscribers were to deteriorate and to impair their ability to make payments to us, additional allowances might be required in future periods. Changes to allowances may be required if the financial condition of our customers improves or deteriorates or if we adjust our credit standards for new customers, thereby resulting in collection patterns that differ from historical experience.

Valuation Allowance for Deferred Tax Assets

We record valuation allowances related to tax effects of deductible temporary differences and loss carry forwards when it is more likely than not that some or all of the deferred tax assets will not be realized in the future. These evaluations are based on expectations of future taxable income, reversals of the various taxable temporary differences and the consideration of any available tax planning strategies. Each of these approaches to estimating future taxable income includes substantial judgment and assumptions related to, among other things, our expected levels of future taxable profits, the timing pattern of reversing future taxable differences and our abilities to actually implement a tax planning strategy. As of December 31, 2007, our deferred tax asset amounted to US$117.2 million net of allowance of US$10.3 million.

Business Combinations

We have entered into certain acquisitions in the past and may make additional acquisitions in the future. Our financial statements are impacted by the manner in which we allocate the purchase price in a business combination, as assets that are considered to be wasting will reduce future operating results, whereas goodwill and certain other intangible assets are of a non-amortizing nature, therefore there is no income statement impact.

As part of our purchase price allocation, it is necessary to develop the appropriate purchase price paid, which includes the fair value of securities issued and any contingent consideration. In general, we do not issue securities for our acquisitions. However, we did issue securities in connection with the merger of our subsidiary VimpelCom- Region into our company and we may in the future issue securities in connection with acquisitions. After the purchase price is established, we have to allocate that to the underlying assets acquired and liabilities assumed, therefore assets and liabilities that are not originally reflected in the acquired entity need to be assessed and valued. This process requires significant judgment on our part as to what those assets and liabilities are and how they should be valued. The valuation of the individual assets, in particular intangible assets related to assets such as customer intangibles, brands, etc., require us to make significant assumptions, including, among others, the expected future cash flows, the appropriate interest rate to value those cash flows and expected future customer churn rates. All of these factors, which are generally developed in conjunction with the guidance and input of professional valuation specialists, require judgment and estimates. A change in any of these estimates or judgments could change the amount of the purchase price to be allocated to the particular asset or liability. The resulting change in the purchase price allocation to a non-goodwill asset or liability has a direct impact on the residual amount of the purchase price that cannot be allocated, referred to as goodwill.

Stock-based Compensation

Until January 1, 2006 we followed the provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, for our stock option plan. SFAS No. 123 generally allowed companies to account for stock-based compensation under either the fair value method of SFAS No. 123 or under the intrinsic value method of Accounting Principles Board Opinion, or APB, No. 25, *Accounting for Stock Issued to Employees*. Accordingly, we accounted for our stock-based compensation in accordance with the provisions of APB No. 25 and its related Interpretations and presented pro forma disclosures of results of operations as if the fair value method had been adopted.

As of January 1, 2006 we adopted SFAS No. 123 (revised 2004) *Share Based Payment*, or SFAS No. 123R, which is a revision of SFAS No. 123 and SFAS No. 95, *Statement of Cash Flows*. Under SFAS No. 123R companies must calculate and record the cost of equity instruments, such as stock options or restricted stock, awarded to employees for services received in the income statement; pro forma disclosure is no longer permitted. The cost of the equity instruments is to be measured based on the fair value of the instruments on the date they are granted (with certain exceptions) and is required to be recognized over the period during which the employees are required to provide services in exchange for the equity instruments.

We adopted SFAS No. 123R using the modified prospective method. Prior to the adoption of SFASNo. 123R, we accounted for stock options by re-measuring the intrinsic value of the shares at each reporting period and adjusted the related compensation expense and liability for the change in intrinsic value. In accordance with the modified prospective method, the consolidated financial statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS No. 123R.

The effect of adopting FAS 123R for both the stock option and phantom stock plans was an increase in selling, general and administrative expense of approximately US$6,466 for the year ended December 31, 2006. Additionally, we recorded a cumulative effect of a change in accounting principle of US$1,882, representing the difference between the fair value and the intrinsic value of the stock-option and phantom stock plans at January 1, 2006. The total impact of the adoption of SFAS No. 123R for both the stock option and phantom stock plans was a decrease in net income of approximately US$8,348 for the year ended December 31, 2006, equivalent to US$0.16 per common share on both a basic and diluted basis, with no net tax effect.

Recent Accounting Pronouncements

In September 2006, the FASB issued FASB statement No. 157, or SFAS No. 157, *Fair Value Measurements*. The standard provides guidance for using fair value to measure assets and liabilities. The standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. Management does not believe that the impact of adopting SFAS No. 157 will have a material impact on our results of operations or financial position.

In February 2007, the FASB issued FASB statement No. 159, or SFAS No. 159, *The Fair Value Option for Financial Assets or Financial Liabilities*. The standard permits entities to choose to measure many financial instruments and certain other items at fair value. The statement is expected to expand the use of fair value measurement. SFAS No. 159 shall be effective as of the beginning of each reporting entity s first fiscal year that begins after November 15, 2007 but earlier adoption is allowed under certain conditions. Management does not believe that the impact of adopting SFAS No. 159 will have a material impact on our results of operations or financial position in 2008.

In December 4, 2007, the FASB issued SFAS No. 141(R), or SFAS No. 141(R), *Business Combinations* , and SFAS No. 160, or SFAS No. 160, *Accounting and Reporting of Noncontrolling interest in Consolidated Financial Statements, an amendment of ARB No. 51* . These new standards will significantly change the financial accounting and reporting of business combination transactions and noncontrolling (or minority) interests in consolidated financial statements. We will be required to adopt SFAS No. 141(R) and 160 on January 1, 2009, and early adoption and retroactive application are prohibited. We have not yet determined the effect that the adoption of SFAS 141(R) and 160 will have on our consolidated financial statements.

In June 2007, the Emerging Issues Task Force reached a consensus on EITF Issue No. 06-11, or EITF No. 06-11, *Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards*. EITF No. 06-11 provides that companies are required to recognize the tax benefits of dividends on unvested share-based payments in equity and reclassify those tax benefits from additional paid-in capital to the income statement when the related award is forfeited (or is no longer expected to vest). The Issue is effective for dividends declared in fiscal years beginning after December 15, 2007. The impact of adopting EITF Issue No. 06-11 is not expected to have a material impact on our results of operations or financial position.

In December 2007, the Emerging Issues Task Force reached a consensus on EITF Issue No. 07-01, or EITF No. 07-01, *Accounting for Collaborative Arrangements*. EITF No. 07-01 provides that an entity should consider all relevant facts and circumstances when evaluating whether an arrangement is a collaborative arrangement. The issue is effective for annual periods beginning after December 15, 2008. The impact of adopting EITF Issue No. 07-01 is not expected to have a material impact on our results of operations or financial position.

On December 21, 2007 the SEC staff issued Staff Accounting Bulletin No. 110, or SAB 110, which, effective January 1, 2008, amends and replaces Question 6 of Section D.2 of SAB Topic 14, Share- Based Payment. SAB 110 expresses the views of the SEC staff regarding the use of a simplified method in developing an estimate of expected term of plain vanilla share options in accordance with FASB Statement No. 123(R). SAB 110 extends the use of the simplified method for plain vanilla awards in certain situations. Management does not expect that the impact of adopting SAB 110 will have a material impact on our results of operations or financial position.

Related Party Transactions

We have entered into transactions with related parties and affiliates. Please see the section of this Form 6-K entitled Certain Transactions.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from adverse movements in foreign currency exchange rates and changes in interest rates on our obligations. In accordance with our policies, we do not enter into any treasury management transactions of a speculative nature.

Historically, our tariff plans have been linked to the U.S. dollar. However, in 2006, we introduced a number of Russian ruble denominated tariff plans and fixed our Russian ruble/US$ exchange rate at 28.7 for all U.S. dollar linked tariff plans. In 2006, we also changed the functional currency of our accounting systems from the U.S. dollar to the Russian ruble and in the third and fourth quarters of 2006, amended the terms of most of our supplier agreements for payment to be made in Russian rubles instead of U.S. dollars. Nonetheless, a significant amount of our costs, expenditures and liabilities continue to be denominated in U.S. dollars. We are required to collect revenues from our subscribers and from other Russian telecommunications operators for interconnect charges in Russian rubles. To the extent permitted by Russian law, we hold part of our readily available cash in U.S. dollars and euros in order to manage against the risk of ruble devaluation. In 2006 and 2007, we entered into forward, swap and option agreements (to buy U.S. dollars for Russian rubles and Kazakh tenge) with BNP Paribas, Citibank, Standard Bank, Deutsche Bank and certain other banks to hedge our obligations. According to our treasury policy, we hedged the majority of our financial obligations due in 2008. Nonetheless, if the U.S. dollar or euro value of the Russian ruble were to dramatically decline, we could have difficulty repaying or refinancing our foreign currency denominated indebtedness. An increase in the Russian ruble value of the U.S. dollar or euro 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 or euro denominated liabilities. Accordingly, fluctuations in the value of the Russian ruble against the U.S. dollar or the euro could adversely affect our financial condition and results of operations.

We keep part of our cash and cash equivalents in interest bearing accounts, in U.S. dollars and euros, in order to manage against the risk of Russian ruble devaluation. We maintain bank accounts denominated in Russian rubles, U.S. dollars and euros. Although we attempt to match revenue and cost in terms of their respective currencies, we may experience economic loss and a negative impact on earnings as a result of foreign currency exchange rate fluctuations. Under Russian profit tax rules, maintaining cash balances denominated in any foreign currency creates taxable translation gains.

In order to minimize our foreign exchange exposure to fluctuations in the Russian ruble exchange rate, we are migrating some of our U.S. dollar based costs to Russian ruble based costs to balance assets and liabilities and revenues and expenses denominated in Russian rubles. However, this migration might increase our cost exposure to Russian ruble inflationary pressure. Some of our equipment financing obligations are denominated in euros, which exposes us to risks associated with the changes in euro exchange rates. Our treasury function has developed risk management policies that establish guidelines for limiting foreign currency exchange rate risk.

The following table summarizes information, as of December 31, 2007, about the maturity of our financial instruments that are sensitive to foreign currency exchange rates, including foreign currency denominated debt obligations. Fair value at December 31, 2007 approximates total value. For information regarding changes in certain of our outstanding indebtedness subsequent to December 31, 2007, including indebtedness incurred in connection with our acquisition of Golden Telecom, see Liquidity and Capital Resources Financing activities 2008.

Aggregate nominal amount of total debt outstanding at year-end (in millions of U.S. dollars or euros, as indicated):

	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**Thereafter**	**Fair Value as of December 31, 2007**
Total debt:								
Fixed Rate (US$)	1,516.9	1,438.8	1,200.0	900.0	600.0	600.0	600.0	1,518.3
Average interest rate	8.4	8.5%	8.2%	8.3%	8.3%	8.3%	8.3%	8.3%
Variable Rate ( )	39.6%	25.8	14.0	5.6	0.1			
Average interest rate	6.0	6.0%	6.0%	6.0%	6.0%			
Variable Rate (US$)	857.6	437.9	193.5	73.9	26.1			
Average interest rate	6.0%	6.0%	6.0%	6.0%	6.0%			
	2,414.1	**1,902.5**	**1,407.5**	**979.5**	**626.2**	**600.0**	**600.0**	

The following table summarizes information, as of December 31, 2007, about the maturity of Golden Telecom s financial instruments that are sensitive to foreign currency exchange rates, including foreign currency denominated debt obligations. Fair value at December 31, 2007 approximates total value.

Aggregate nominal amount of total debt outstanding at year-end (in millions of U.S. dollars or euros, as indicated):

	2007	2008	2009	2010	2011	2012	Thereafter	Fair Value as of December 31, 2007
Total debt:								
Fixed Rate (US$)	9,6	7,2	5,2	3,0	0,7			
Average interest rate	11.06%	8.43						