Dear fellow stakeholder...

Alexey M. Reznikovich

2012 was a milestone year for VimpelCom. We celebrated our 20th anniversary and made remarkable strategic progress, cementing our position as one of the leading telecom operators in the world.

We remained committed to providing the best customer experience for our clients. VimpelCom invested USD 4 billion in network upgrades in order to satisfy the growing demand for mobile data services and on the further rollout of mobile networks.

As part of our core offering, VimpelCom focused on mobile access while embracing new partnerships with global Internet companies. These partnerships provide us with an opportunity to enhance the service offerings for our customers and to strengthen our customers' user experience. We signed several major agreements, including agreements to launch free mobile Wikipedia access with Wikimedia Foundation, to give our customers free mobile access to Facebook and dedicated access to the Google Play store to allow our customers to navigate millions of apps, games and songs, and to pay for purchases using their mobile accounts. VimpelCom also started offering mobile web browsing enabled by Opera Software, a special mini browser that allows a simple and cost-effective way to use Internet via a mobile device.

Last year, we continued to execute on our strategy, the Value Agenda. We achieved 5% growth in our subscriber base which reached the 214 million mark. By focusing on profitable growth we generated 4% organic growth in revenues, reaching USD 23.1 billion, while achieving 8% organic growth in EBITDA to USD 9.8 billion. This resulted in an increase of the EBITDA margin by 1.8 percentage points to 42.4%. All business units contributed to this strong organic performance. We leveraged our deep local market expertise and leading market positions to contribute to the overall value creation. In Russia, we witnessed a turnaround in the business unit's performance and realized more than double the initial target of RUB 5 billion in annualized savings. The Russian business unit generated 7% organic growth in revenues, 13% organic growth in EBITDA and had an impressive 2.1 percentage points rise in EBITDA margin. Improving network quality remained our priority, and we will continue to make large investments into our mobile network in 2013. In Italy, WIND continued to outperform the competition and gained market share. We were able to substantially offset the impact of MTR cuts by implementing operational excellence and capital efficiency programs. In the Africa and Asia business unit, VimpelCom achieved organic growth of 9% in revenues and organic growth in EBITDA of 15%. These results were driven by strong subscriber growth to more than 85 million. The Ukrainian business unit continued to solidify its leading market position in the mobile segment through its on-going transition to bundled tariff plans. The CIS business unit again delivered double digit organic revenue growth.

Following the end of the year we enhanced our Value Agenda for 2013 – 2015 with four main blocks: Profitable Growth, Customer Excellence, Operational Excellence and Capital Efficiency. Our objectives are to grow revenue and EBITDA with mid-single digit CAGR, reduce the leverage of Net Debt to EBITDA to below 2x in 2015 and to lower CAPEX to Revenues, excluding licenses, to below 15% in 2015. As a result of the execution of the Value Agenda we indicated our intention to have annual cash flow improvements of

USD 2 billion from operations and of between USD 600 million and USD 900 million from finance optimization by the end of 2015. We will continue to empower our people to provide a great customer experience to our clients and focus on exceeding our customers' expectations. The four main building blocks underscore our efforts to generate further value for our shareholders.

We have strengthened our management team and established a fully functional global headquarter in Amsterdam to continue delivering superior results and executing on our Value Agenda. Jan Edvard Thygesen joined VimpelCom as COO and deputy CEO; Anton Kudryashov became Group Executive VP and Head of Russia; and Maximo Ibarra joined as Group Executive VP and Head of Italy.

In 2012, VimpelCom conducted a detailed review of our business portfolio with the aim of optimizing the Group's assets and aligning the portfolio with our long term goals. Following this review VimpelCom disposed of its operations in Vietnam.

In December 2012, the Annual General Meeting of shareholders re-elected the Supervisory Board. The nine member Board includes two independent directors.

In December 2012, VimpelCom received a notice that on April 16, 2013 Altimo intends to convert 128,532,000 convertible preferred shares of the Company into common shares at a 1:1 ratio. Based on the announced conversion premium, the Company expects to receive approximately USD 1.4 billion for the conversion.

We continued to deliver on our commitment to return profits to shareholders by announcing a final dividend for 2011 of USD 0.35 per common share and an interim dividend for 2012 of USD 0.45 per common share in December 2012. We made an aggregate dividend payment of USD 1.3 billion. Our dividend policy is to pay annual dividends of at least USD 0.80 per common share.

To conclude, 2012 was a remarkable year for VimpelCom. Operationally we are stronger than the previous year. We have achieved strong organic performance and profitable growth. We celebrated our 20th anniversary of long-term success, outstanding achievements and innovation in telecommunications. We started as a small company, set up by two entrepreneurs, and we grew into one diversified global platform, supporting 214 million subscribers globally. Looking forward, we expect to continue to deliver results in line with our enhanced Value Agenda objectives for 2013-2015.

Thank you for joining us on this journey.

Alexey M. Reznikovich
Chairman of the Supervisory Board

Jo Lunder
Chief Executive Officer

Jo Lunder

"2012 was a remarkable year for VimpelCom... with strong performance and profitable growth."